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White House on U.S. Funding for DPRK Reactors

SK1612014595 Seoul YONHAP in English 0131 GMT 16 Dec 95

[FBIS Transcribed Text] Washington, Dec. 15 (YONHAP) — The United States is expected to need 22 million U.S. dollars annually for its contribution in implementing the light-water reactor supply agreement between the Korean Peninsula Energy Development Organization (KEDO) and North Korea, a senior White House official said Friday.

Daniel B. Poneman, special assistant to the president and senior director for nonproliferation and export controls, said that America's annual burden in the future for the reactor supply to the North may be the same as the amount Washington asked for in fiscal 1995 to Congress.

At a regular briefing of the White House, he emphasized that the agreement holds great meaning in that it carries a legal binding force for Pyongyang's obligations.

He expected, however, South Korea and Japan will continue to play major roles in the reactor project.

U.S. Said Promoting U.S. Firms for LWR Work

SK1712122395 Seoul CHOSON ILBO in Korean 17 Dec 95 p 2

[FBIS Translated Text] It was confirmed on 16 December that the United States tried to bolster its position in the light-water reactor [LWR] project by specifying a provision on the program coordinator in the light-water reactor agreement, which was signed in New York, despite the opposition of the ROK and Japan.

In particular, the agreement specifies that the program coordinator "provides assistance in the management of the overall light-water reactor project." This may hamper the adoption of the ROK model light-water reactors and the ROK's central role to a great extent.

An ROK Government official said on 16 December: "In the New York negotiations, the ROK and Japan opposed including a provision on the program coordinator in the agreement, because this is a matter that the Korean Peninsula Energy Development Organization [KEDO] will decide." He went on to say: "Then, the United States demanded that the provision on KEDO's selection of a main contractor be excluded from the agreement, if the provision on the program coordinator is to be excluded. As a result, the United States got its way." Officials involved with the construction of nuclear power stations said: The United States released a communique with North Korea in Kuala Lumpur in June. In the communique the United States formally mentioned the program coordinator and its function. This time it specified the program coordinator in the light-water reactor. In this way the United States bolstered the position of U.S. corporations in the light-water reactors project.

An ROK Government official said: "KEDO has already chosen Management Strategy, a Maryland-based firm, as the law firm to select the program coordinator." He also said: "The United States has expressed its intention to form the program coordinator group with 50 high-level technicians. In this way, the United States has expressed its strong commercial interest in the project, contrary to its plan not to share the costs for the project."

KEDO Contacts DPRK About Power Lines Deals

SK1912075295 Seoul YONHAP in English 0738 GMT 19 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) has notified North Korea of its intention to assist its efforts to obtain power transmission lines and substation equipment through commercial contracts.

KEDO's such intention was conveyed in a letter sent Friday by KEDO's executive director, Stephen Bosworth, to North Korean ambassador-at-large Ho Chong.

A copy of the letter was revealed by the South Korean office in charge of planning for the light-water reactor project here.

Bosworth said, in the letter, "KEDO intends to use its good offices in order to assist North Korea in its own efforts to obtain through commercial contracts, which include a commercial loan, such power transmission lines and substation equipment as may be needed to upgrade the North's electric power grid."

Officials here said that the KEDO's use of its "good offices" does not incur any legal or financial obligations on its part.

Japan

Reports on Prime Minister Murayama's Resignation

Cabinet Approves Resignation

OW0501065296 Tokyo KYODO in English 0644 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Cabinet ministers on Friday [5 January] approved the resignation of Prime Minister Tomiichi Murayama, putting an end to the 18-month-old administration headed by the socialist leader.

Earlier in the day, the 71-year-old Murayama told the leaders of the two other parties in the ruling coalition, the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger], that he wants to resign as prime minister, coalition officials said.

Trade Minister Ryutaro Hashimoto heads the main coalition component LDP, while Finance Minister Masayoshi Takemura heads the smallest component, New Party Sakigake.

Murayama said he thought from the beginning that the prime minister should be elected from the largest coalition partner LDP, they said.

Murayama's Social Democratic Party (SDP) is the second largest party in the coalition.

The three leaders agreed to elect Hashimoto, 58, as successor to Murayama, and to maintain the current framework of the tripartite coalition, coalition sources said.

The resignation of Murayama as well as the election of Hashimoto will be approved by an extraordinary meeting of the Diet on Jan. 11, the sources said.

Murayama first conveyed his intention to resign in a telephone conversation with Hashimoto.

He assumed the premiership in June 1994 with the SDP forming the current ruling coalition with the LDP and New Party Sakigake.

The conversation came before Murayama met with Hashimoto, Takemura and their top deputies.

Murayama, who is also chairman of the Social Democratic Party (SDP), told his ruling coalition partners that he expects the three-way coalition to remain intact, sources said.

Murayama said in the conversation with Hashimoto that he would not run in the upcoming election to choose the SDP chairman, Hashimoto told reporters.

According to SDP sources, Murayama had hoped to be reelected as chairman of the party unopposed.

However, after House of Representatives member Tadatoshi Akiba, from the party's left-wing, expressed his interest in running in the Jan. 14-15 poll, Murayama has lost his will to stand for reelection, the sources said.

A senior SDP member said Murayama "Is not going to run in the election. He will also quit as prime minister."

But Chief Cabinet Secretary Koken Nosaka, an SDP lawmaker, said he expects Murayama to run for the reelection.

Parties To 'Maintain' Coalition

OW0501044996 Tokyo KYODO in English 0439 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Prime Minister Tomiichi Murayama on Friday [5 January] told his ruling coalition partners he is stepping down from his post, and the partners accepted Murayama's abrupt move, officials said.

Trade and Industry Minister Ryutaro Hashimoto said earlier in the day that Murayama conveyed his intention in a telephone conversation.

The conversation came before Murayama, 71, met with Hashimoto, president of the Liberal Democratic Party (LDP), and Finance Minister Masayoshi Takemura, leader of New Party Sakigake [Harbinger], and their top deputies.

Murayama, who is also chairman of the Social Democratic Party (SDP), told his ruling coalition partners that he expects the three-way coalition to remain intact, sources said.

An extra Diet session will be held Jan. 11 to name Murayama's successor as the prime minister.

Murayama said in the conversation with Hashimoto that he would not run in the upcoming election to choose the SDP chairman, Hashimoto told reporters.

Political sources said Murayama is leaning toward handing over the premiership to Hashimoto, 58.

According to SDP sources, Murayama had hoped to be reelected as chairman of the party unopposed.

However, after House of Representatives member Tadatoshi Akiba, from the party's left-wing, expressed his interest in running in the Jan. 14-15 poll, Murayama has lost his will to stand for reelection, the sources said.

A senior SDP member said Murayama "Is not going to run in the election. He will also quit as prime minister."

Murayama assumed the premiership in June 1994 as the SDP formed the current ruling coalition with the LDP and New Party Sakigake.

Takemura said the three parties will maintain the current coalition framework "whatever situation emerges."

He made the remark at a press conference before the premier phoned Hashimoto, ruling sources said.

Resignation Statement Issued

OW0501104896 Tokyo NHK General Television Network in Japanese 0631 GMT 5 Jan 96

[News conference by Prime Minister Tomiichi Murayama at the Prime Minister's Official Residence; live]

[FBIS Translated Text] Thank you very much for coming to this new conference.

I have decided to resign today from my post as the prime minister. Looking back, one and a half years have passed since I assumed, rather unexpectedly, the heavy responsibility of the prime minister. During the first six months, I made efforts mainly to settle such issues as reform of the taxation system, the pension system, and the political system.

In the New Year, that is in 1995, an earthquake took place unexpectedly in the Hanshin area and on Awaji Island in January. It resulted in the death of over 6,000 people, and this incident will forever be present in my mind. At that time, I was severely reproached concerning such issues as crisis management. However, I am convinced that, by learning a lesson from this incident, we have been able to establish a rigorous system for managing emergencies.

Moreover, the sarin attack on the Tokyo subway took place in March followed by a series of incidents connected with the Aum Shinrikyo. To prevent the recurrence of such atrocious crimes, thorough investigations are still in progress and all the details are being brought to the light now. I have made efforts to improve our system to handle such cases. Moreover, it was around last spring that the yen's sharp appreciation was reported. It certainly affected the future prospects of our economy. As a result, a series of incidents, such as bankruptcy of financial institutions, and the bad loan issue, have surfaced.

Then, in the fall, such incidents as the atrocious case involving two [number as heard] Okinawan girls were reported. As a result, we have been put into a situation in which we are being questioned about the issues concerning the U.S. military bases in Okinawa as well as the Japan-U.S. security arrangement and the Japan-U.S. security treaty. In addition, the Monju accident took place toward the end of the year.

Thus, a series of incidents and accidents that were utterly unimaginable, took place one after another in the past year. However, I think I have done my best in my own way to handle my assigned tasks. I feel that, in a certain sense, it is no exaggeration to say that it was a year filled with incidents and accidents.

While making efforts to settle problems connected with these incidents and accidents, I think I also did my best to take measures to stimulate our economy, which is closely related to the people's livelihood. Efforts have been made to reverse the trend of the foreign exchange rate and to work out a large-scale economic- stimulus package that exceeds 14 trillion yen.

With regard to the Jusen [home mortgage companies] issue — one of the most serious problems — we have just decided on the basic guidelines to settle it. The settlement of this issue will be a future task that has to be carried out so as to restore financial order and thereby strengthen the trust of both foreign countries and our people in the Japanese financial system.

Since 1995 marked the 50th anniversary of the end to the last war, I issued the Prime Minister's Statement on 15 August to state our country's understanding of the past history and to make public our country's future basic foreign policy to both our people and foreign countries.

Under this coalition government, which is composed of three parties, I have been able to settle many problems that would have not been solved without this three-party coalition framework. Moreover, I think we have taken the necessary measures to settle various issues such as the Act on the Relief for Victims [of atomic bombing]; the comfort women issue; and the Minamatao Disease issue, which is regarded as the original source of the pollution problem.

At the beginning I stated that I assumed, rather unexpectedly, this heavy responsibility. It is because when I assumed the post, I thought in my own way that I had been assigned to play the historical role in the year that marks the 50th anniversary of the end to the last war, and also the year in which there will be major changes in the world situation. In my own way, I asked myself as to what this historical role would be, and I decided to do my utmost to carry out this historical task. I think I have done my best to settle various matters as I have just mentioned. In a certain sense, I have done my best even beyond the limit of my capabilities to carry out these tasks.

Fortunately, judging from various indicators, bright signs for economic recovery can now be noted in various fields such as individual consumption, investment in equipment and facilities by private companies, and readjustment of stored materials. However, there still remain such serious problems as the issue concerning small and medium-sized enterprises and the employment issue.

In this new year, I have made my decision to resign in the hope that our country can a make new start and the government can lead the thinking of our people along an entirely new course by overcoming these difficulties, by taking measures to further promote economic recovery, and by making positive efforts to settle various problems facing us both at home and abroad.

As for the reasons why I have been able to settle the abovementioned problems in the past one-and-half years — first of all, it is because the three parties have supported this administration by forming a tight scrimmage, speaking out what each has to say, and carrying out frank and thorough-going discussions to work out a consensus. It goes without saying that the great force thus generated has served as the foundation of this coalition.

In this connection, when I announced my resignation, I asked the Liberal Democratic Party president, Sakigake head, and secretaries general of the three parties to continue to beef up the three-party coalition, meet the people's expectations, and make efforts to deal with impending issues, while seeking an agreement on policies.

Taking my decision seriously, all the three parties have agreed to study it carefully. Consultations among our three parties may start tomorrow. I have strongly requested the three parties to consider my decision and start consultations.

With all my heart, I would like to express my gratitude to the people who have kindly supported me so far and also to those who have given me kind encouragement and severe criticism as well. That is all.

Bureaucrats Surprised

OW0501050496 Tokyo KYODO in English 0500 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — The unexpected declaration of Prime Minister Tomiichi Murayama's intention to resign surprised Japanese bureaucrats Friday [5 January].

A senior official of the Ministry of International Trade and Industry expressed his surprise, saying, "I have heard nothing about it (for certain). The information (we are getting) is mixed."

Some government officials expressed concern that a planned visit to the United States next week by International Trade and Industry Minister Ryutaro Hashimoto, the most probable successor to Murayama, may be affected.

But others said there will be no great confusion in basic policies, as Finance Minister Masayoshi Takemura has said, "Whatever situation arises, we will stick to the framework of the three-party coalition."

Finance Ministry bureaucrats are said to be much worried about the possible effects of the resignation of Murayama and his cabinet on the steering of the next ordinary Diet session, where heated discussions are expected over the use of taxpayers' money for the liquidation of virtually bankrupt housing loan companies.

Newly appointed Vice Finance Minister Tadashi Ogawa refrained from making comments on Murayama's resignation.

Hashimoto Cancels U.S. Trip

OW0501063496 Tokyo KYODO in English 0630 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Trade Minister Ryutaro Hashimoto said Friday [5 January] he has canceled his planned visit to the United States in order to attend an extra Diet session, following Prime Minister Tomiichi Murayama's decision to step down.

The extra Diet session will be held next Thursday to name Murayama's successor as prime minister.

International Trade and Industry Minister Hashimoto was originally scheduled to visit the U.S. Jan. 9-14, during which he was to attend a meeting in Baltimore of trade ministers from the Group of Seven industrialized nations and Eastern Europe.

Hashimoto also planned to meet U.S. President Bill Clinton.

EPA Head Cancels U.S. Visit

OW0501115296 Tokyo KYODO in English 1143 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Isamu Miyazaki, director general of the Economic Planning Agency, on Friday [5 January] called off a planned visit to the United States, which was to start Sunday, in the wake of Prime Minister Tomiichi Murayama's announcement of his resignation, agency officials said.

Miyazaki was scheduled to meet U.S. Government officials, including high-ranking officials of the Clinton administration's Council of Economic Advisers, to discuss bilateral economic matters.

Kono Cancels Trips Abroad

OW0501092496 Tokyo KYODO in English 0916 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Foreign Minister Yohei Kono on Friday [5 January] canceled a scheduled trip to France, India and Pakistan in the wake of the resignation of Prime Minister Tomiichi Murayama, ministry officials said.

Kono was scheduled to travel the three countries from Monday through Jan. 14. He was slated to attend a ministerial meeting in Paris on aid to Palestinians and have a bilateral meeting with U.S. Secretary of State Warren Christopher there.

Business Leaders Surprised

OW0501045396 Tokyo KYODO in English 0450 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Business leaders were caught by surprise Friday [5 January] by news that Prime Minister Tomiichi Murayama has decided to resign.

"I'm waiting for detailed information," said Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Keidanren).

The news reached the federation shortly after visiting British Labor Party Leader Tony Blair finished giving a lecture at the Keidanren Hall.

Some business leaders who had called for an early general election welcomed the news of Murayama's decision to step down.

Murayama was to attend the annual New Year party to be held jointly by Keidanren and three other major business organizations later Friday.

It was not immediately known whether Murayama will attend the event as scheduled.

Okinawa Governor Ota 'Shocked'

OW0501124796 Tokyo KYODO in English 0839 GMT 5 Jan 96

[FBIS Transcribed Text] Naha, Japan, Jan. 5 KYODO — Okinawa Gov. Masahide Ota said Friday [5 January] he was shocked at the news of Prime Minister Tomiichi Murayama's resignation, noting Murayama was the first premier to listen to Okinawa residents' calls for reduction of the U.S. military presence in the island prefecture.

"Murayama took up the Okinawa issue very sincerely. He was the first premier to allow me to state without any restraint whatever concerns we had," Ota told reporters.

The U.S. military presence in Okinawa has been under fire from local residents since the rape last September of an Okinawa schoolgirl for which three U.S. servicemen are now on trial.

Okinawa, about 1,600 kilometers southwest of Tokyo, accounts for only 0.6 percent of Japan's total land area, but has 75 percent of the land area used by U.S. military facilities in Japan.

Ota also credited Murayama with the establishment of a panel involving officials of central government and Okinawa Prefectural Government to discuss the continued compulsory lease of privately owned land to the U.S. military in Okinawa.

Ota, who is engaged in a court battle with the central government over his refusal to sign documents needed for the lease, said he hopes to make utmost use of the panel in dealing with the base issue.

"I expect the coming prime minister to continue work toward settling the Okinawa issue," Ota said.

Murayama's Resignation News Conference Reported

OW0501085796 Tokyo KYODO in English 0825 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Prime Minister Tomiichi Murayama officially announced his resignation Friday [5 January], saying he expects his successor, possibly Trade Minister Ryutaro Hashimoto, to ensure Japan's economic recovery and handle other pressing issues.

Murayama, 71, said at an impromptu news conference at his official residence that he is not quitting politics and he is filing his candidacy for reelection as chairman of the Social Democratic Party (SDP).

He said his successor will be decided by his SDP, the Liberal Democratic Party (LDP) and New Party Sakigake, which together make up the ruling coalition.

Murayama did not mention International Trade and Industry Minister Ryutaro Hashimoto, who is also LDP president, as his successor, although Hashimoto himself signaled his readiness to succeed him.

Hashimoto, 58, was forced to cancel his Jan. 9-14 trip to the United States due to the premier's abrupt decision to quit.

Hashimoto, Finance Minister Masayoshi Takemura, who is also New Party Sakigake chief, and other cabinet ministers approved Murayama's resignation at a special cabinet meeting Friday afternoon.

At his news conference, Murayama said he did his best during his 18-month tenure as prime minister, citing the accounting of some World War II-related issues such as compensation for atomic bomb victims and also for wartime sex slaves.

He also singled out the resolution of the Minamata mercury poisoning case in Kumamoto Prefecture near his home prefecture of Oita, and in Niigata Prefecture.

During his 18 months in office, Murayama was confronted with a series of unprecedented events, including the Jan. 17 Great Hanshin earthquake which left over 6,000 people dead, the March 20 Tokyo subway sarin gassing allegedly by the Aum Shinrikyo religious group, and a string of financial scandals.

At his news conference, Murayama also referred to the abduction and rape of a 12-year-old Okinawa schoolgirl allegedly by three U.S. servicemen, which is forcing a review of the American military presence in Japan.

"I was chased by one incident and accident after another," he told reporters. He was quick to add, however, that he presided over the 50th anniversary year of the end of World War II.

He said the time has come for new leadership to tackle unsettled issues.

But Murayama rejected calls from the largest opposition Shinshinto (New Frontier Party) and some business leaders for a snap election, saying the government has to deal with steps to ensure economic recovery, U.S. President Bill Clinton's April 16-18 trip to Tokyo and other key issues.

He also denied the possibility of himself serving as a cabinet member in the new administration possibly to be led by Hashimoto.

Murayama said he decided during the new year's holidays to quit and apologized for the sudden decision to step down.

Murayama said earlier that he thought from the beginning that the prime minister should be elected from the largest coalition partner LDP, according to coalition sources.

An extraordinary session of the Diet will convene next Thursday and Hashimoto is likely to be elected the new premier, ruling coalition sources said.

The Murayama cabinet is expected to resign en masse next Thursday before the start of the extraordinary Diet session, government sources said.

Murayama, who assumed the premiership in June 1994 with the SDP forming the current ruling coalition with the LDP and New Party Sakigake, first conveyed his intention to resign in a telephone conversation with Hashimoto.

The conversation came before Murayama met with Hashimoto, Takemura and their top deputies.

Murayama told his ruling coalition partners that he expects the three-party coalition to remain intact, the sources said.

According to SDP sources, Murayama had hoped to be reelected as chairman of the party unopposed.

However, after House of Representatives member Tadatoshi Akiba, from the party's left wing, expressed his interest in running in the Jan. 14-15 SDP poll, Murayama lost his will to stand for reelection before changing his mind again, the sources said.

Akiba filed his candidacy Friday afternoon and Murayama also filed his candidacy to run for reelection as SDP chief.

Business Leaders Seek Early General Election

OW0501083696 Tokyo KYODO in English 0816 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Japan's top business leaders called Friday [5 January] for an early general election following the resignation of Prime Minister Tomiichi Murayama.

News of Murayama's resignation came shortly before the annual New Year party held jointly by the heads of four major business organizations Friday afternoon.

At a joint news conference held after the party, the four business leaders called for an early dissolution of the House of Representatives and a snap general election.

Present at the session were Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), and Jiro Ushio, head of the Japan Association of Corporate Executives (Keizai Doyukai).

Toyoda, Inaba and Nemoto called for an election after the Diet paves the way for enactment of the fiscal 1996 budget but Ushio favored the polls before the parliamentary budget deliberations.

Murayama, Akiba To Compete for Party Leadership

OW0501103596 Tokyo KYODO in English
1033 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Prime Minister Tomiichi Murayama followed Tadatoshi Akiba in announcing his candidacy for the chairmanship of the Social Democratic Party (SDP) on Friday [5 January].

The party stopped accepting candidates at 4 P.M. the same day.

Murayama, the incumbent SDP chairman, and Akiba, a 53-year-old House of Representatives member, will compete in a party poll to be held Jan. 14 and 15, with some 110,000 party members and associate members eligible to cast votes.

Many party members said it is certain that Murayama will win reelection as the party leader despite his decision to resign as prime minister.

Akiba, who became a lower house member in 1990, has been critical of Murayama for shifting from the SDP's long-held pro-constitutional platform to a policy more in line with that of the Liberal Democratic Party (LDP), the dominant force in the tripartite ruling coalition.

Akiba's decision to run in the election came despite efforts by Chief Cabinet Secretary Koken Nosaka, an aide to Murayama, and some other SDP members loyal to Murayama to pursuade Akiba not to run in the party poll.

Akiba said he hopes his candidacy will promote discussion among party members about which direction the party should move.

"Over the past two years, the gap has surfaced between what I believe (and party policy). It's important (for the SDP) to rethink itself by returning to its original principles," Akiba told reporters.

Akiba denied that his candidacy had any direct link with Murayama's resignation, saying, "The premier is tired. It is not good to ask (him to stay)."

Hashimoto Said 'Only Candidate' for Premiership

OW0501091596 Tokyo KYODO in English
0903 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — The Liberal Democratic Party (LDP) hailed its leader Ryutaro Hashimoto as the only candidate for prime minister Friday [5 January] after the abrupt resignation of Prime Minister Tomiichi Murayama.

LDP Secretary General Koichi Kato told reporters that the ruling coalition, in which the LDP is the largest party, is not considering dissolving the House of Representatives for general elections in the wake of Murayama's resignation.

"As for the LDP, Mr. Hashimoto is the only choice," Kato said, adding that the party would be thankful if the Social Democratic Party and New Party Sakigake accept Hashimoto for the premiership.

Hashimoto, currently minister for international trade and industry, has been named as a likely successor to Murayama in order to deal with Japan's stalled economic recovery and other pending issues.

Kato said policy-makers for the three parties plan to meet to discuss the coalition's direction, adding the parties hope to reach agreement by Sunday.

As for opposition demands for general elections, Kato said, "It is not being considered. The next administration is being launched as a full-fledged government and not as a temporary cabinet until the next elections."

Kato explained that coalition members consider the LDP as bearing the heaviest burden of responsibility and have called on the leading party to eliminate the "points that are hidden in the shadows" and shoulder responsibility for the government.

The LDP secretary general hailed the Murayama administration as a government marking a "structural revolution" in the history of Japanese politics.

Hashimoto Hints at Readiness

OW0501114996 Tokyo KYODO in English
1056 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Trade Minister and Liberal Democratic Party (LDP) President Ryutaro Hashimoto suggested Friday [5 January] he is ready to assume the premiership to succeed Tomiichi Murayama.

"I have up to now never refrained from taking responsibility and if I have to take responsibility, I will," Hashimoto said at a press conference held at the LDP headquarters after Murayama announced he will step down as prime minister.

Hashimoto shrugged off a call from the main opposition Shinshinto (New Frontier Party) for an early lower house snap election, saying that priority must be given to economic recovery.

"There has been no change in my policy of bringing the economy sufficiently back to a recovery path so that (the general election) can be called without concern.

We must avoid having cracks in the economy at any cost," Hashimoto said.

Asked for comment on reports that Murayama has no plans to join the next cabinet, Hashimoto said he does not think having the chief of each coalition member assume a cabinet post is a prerequisite for maintaining the ruling coalition.

Hashimoto's LDP is the biggest party within the tripartite ruling coalition, followed by Murayama's Social Democratic Party and Finance Minister Masayoshi Takemura's New Party Sakigake.

NFP's Ozawa Urges 'Immediate' Election

OW0501063996 Tokyo KYODO in English 0632 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Opposition leader Ichiro Ozawa on Friday [5 January] denounced Prime Minister Tomiichi Murayama's resignation in favor of Liberal Democratic Party (LDP) head Ryutaro Hashimoto as "not good" and urged immediate general elections.

Ozawa, who heads the largest opposition party Shinshinto (New Frontier Party) and aims at becoming prime minister himself, told a news conference that "Murayama's decision does not do anything to solve problems as such."

Murayama, who assumed the premiership in June 1994 as his Social Democratic Party (SDP) formed the current ruling coalition with the LDP and New Party Sakigake [Harbinger], earlier Friday told his coalition partners he is stepping down, but hopes to keep the coalition government intact.

Murayama's successor, widely expected to be the 58-year-old Hashimoto, who last September took the helm of the LDP, the largest coalition party, will be named during next week's extra Diet session.

Ozawa, however, denounced such maneuvering. "It's not good to pass around the government leadership among the three coalition parties without holding elections," he said.

"The Japanese people's final judgment must be heard as soon as possible," he said in urging an immediate dissolution of the House of Representatives for a snap election.

"Japanese society is currently going through a difficult period. If we want to overcome and solve these problems, we need a strong government and policy-making," he said.

Hatoyama: Election Likely in 'June or July'

OW0401161396 Tokyo KYODO in English 1413 GMT 4 Jan 96

[FBIS Transcribed Text] Sapporo, Jan. 4 KYODO — A leader of the ruling coalition member New Party Sakigake [Harbinger] on Thursday [4 January] ruled out an imminent election for the House of Representatives, but said he expects general elections to be held in June or July.

Yukio Hatoyama, Sakigake's secretary general and member of the lower house, said on a television program in Sapporo, northern Japan, that finalizing the national budget for fiscal 1996 has priority for Prime Minister Tomiichi Murayama's government.

In dismissing the idea of an early dissolution of the lower chamber for snap general elections, Hatoyama also argued that Murayama must stay in office until after U.S. President Bill Clinton has made his state visit to Japan.

Clinton's visit is slated for April 16-18 in place of one canceled in November over the U.S. budget impasse.

"I think it is highly likely that elections will take place in June or July. A later date would be difficult because the elections would then coincide with (Diet) debate about the (planned increase in the) consumption tax," Hatoyama said.

Lower house elections are not due before summer next year, but opposition parties are pressing for elections at an early date.

As Japan's political forces continue to realign, Sakigake has been trying to create a grand coalition including some lawmakers of the conservative bloc.

Hatoyama said, however, that a soon-to-be launched new forum of lawmakers from the ruling coalition, which also comprises Murayama's Social Democratic Party and the conservative Liberal Democratic Party (LDP), "does not necessarily aim to establish a new party, although it includes members from the LDP," but is rather a study group.

"We want to create a body that seriously deliberates where Japan should head as it has become increasingly difficult to make out our nation's direction," Hatoyama said.

Murayama and Sakigake leader Masayoshi Takemura, who is the finance minister, last week agreed on a plan to launch the forum Jan. 10 with about 20 members from all three ruling parties.

Okinawa Assembly Adopts Base Resolution

OW0501030096 Tokyo KYODO in English 0241 GMT 5 Jan 96

[FBIS Transcribed Text] Naha, Japan, Jan. 5 KYODO — The Okinawa Prefectural Assembly unanimously adopted a resolution Friday [5 January] calling on U.S. President Bill Clinton to downscale the U.S. military facilities on the island.

The resolution, addressed to several leaders of the U.S. Government, Congress and military, urges them to concentrate or reduce the U.S. military facilities in Okinawa.

Okinawa, some 1,600 kilometers southwest of Tokyo, accounts for only 0.6 percent of Japan's total land area, but 75 percent of the total land space occupied by U.S. military facilities in Japan is located there.

The resolution also calls for tightened discipline within the U.S. military, full compensation for victims of crimes committed by or accidents caused by U.S. personnel, and revision of the bilateral status of forces agreement.

A group of 14 prefectural assembly members led by its head Chiken Kakazu will visit the United States from Jan. 29 to Feb. 7 with the adopted resolution, assembly officials said.

The members hope to meet with Clinton and other U.S. leaders during the visit, and are currently negotiating with Washington through the Japanese Foreign Ministry, the officials said.

The rape of an Okinawa schoolgirl last September, for which three U.S. servicemen are now on trial, has fueled local calls for a cut in or total removal of U.S. bases in Okinawa.

Toyoda on Importance of Japan-U.S. Relations

962A0010A Tokyo GEKKAN KEIDANREN in Japanese Oct 95 p 3

[Article by Shoichiro Toyoda, industrialist: "Importance of Japan-U.S. Relations"]

[Text] FOREWORD

Importance of U.S.-Japanese Relations

This year marks the 50th anniversary of the end of the last war. As an industrialist, in looking back on the postwar economic progress, I am particularly impressed with the importance of Japan-U.S. relations.

Regarding its postwar recovery and progress, Japan is indebted to the United States in numerous ways. The United States introduced the democratic economic system to Japan and provided capital and an affluent export market for its recovery. Japan has learned much from the United States including the modern management system and advanced technology. I feel grateful for the generous and open spirit of the United States and believe that we must not forget it.

There still remains much that Japan should learn from the United States in the future. For example, there is "venture business." Japan must break through the present impasse in its economic circumstances; the role of venture business is to challenge new areas vital for that purpose. Such venture business is actually practiced in the United States where new fields and markets are successively being cultivated. Providing the background is a vigorous enterpreneur spirit in addition to a climate of respect for individual capabilities and diversity. This is also true regarding "deregulation." Since the latter 1970's, the United States has promoted deregulation in the fields of transportation and telecommunications which has produced today's dynamism in the U.S. economy. I am also impressed with the remarkable leadership by their leaders as well as the response by their industrial circles and the people who have accepted the "pain" accompanying deregulation. On Japan's part, I believe that we should work toward closer Japan-U.S. relations which have become deeply intertwined in the past, and with it as an axis further contribute to the economy of not only the Asia-Pacific region, but also the global economy.

Recently an agreement was reached regarding autos in the Japan-UI.S. talks. When we consider the impact on the economies and industries in the United States and Japan, as well as the impact on the global economic and trade systems, the agreement was truly welcome. Notwithstanding, I believe that the economic issues between the two nations will continue to arise in various forms in the future with deepening interdependence between the United States and Japan. On such occasions, it is desirable for both the governments and the peoples to calmly conduct honest dialogue in order to prevent them from developing into serious political issues. For that purpose, I believe that it is increasingly important for the Industrial and economic circles in both nations to further enhance the channels and pipelines for face-to-face dialogue and to further deepen understanding on a daily basis regarding various bilateral issues.

Okinawans 'Angry' at Mainlanders, Not Americans

962B0020A Tokyo SHOKUN in Japanese Dec 95 pp 104-111

[Article by Hiroshi Masuda, professor at Tokyo Eiwa Jogakuin College: "Resolve To 'Coexist' with Okinawa"]

[FBIS Translated Text]

Okinawans Are Not Angry at the United States. We Must Realize They Are Voicing Anti-Japanese Sentiments.

A typical description of Okinawa would refer to "the crimson sun, azure skies, and emerald seas." The southern region of Okinawa, where temperatures at the height of winter do not fall below 10 degrees centigrade, has suddenly become popular with the younger generation in recent years as a mecca for scuba diving and wind surfing. Okinawa is thought of as paradise and a symbol of peace. However, the Okinawa of today is undergoing significant turbulence. We need not mention that such turbulence was ignited by the rape of a primary-school-age girl by three U.S. military personnel at the beginning of September. Any parent of a young daughter or even anybody who is not a parent must have been shocked by that incident. Moreover, the fact that even though the police had issued an arrest warrant for the suspects, the U.S. military refused to turn over the three and had detained them on base saying, "We cannot transfer custody to the Japanese until they are indicted," based on the provisions of Paragraph 5, Section 17 of the Status of Forces Agreement under the Japan-U.S. Security Treaty, served to exacerbate the anger of the Okinawans. The Okinawans are conducting protest rallies almost daily with an intensity reflecting demands for revision of the Japan-U.S. Status of Forces of Agreement, removal of U.S. military bases, withdrawal of the U.S. military, and the cancellation of the Japan-U.S. Security Treaty.

Just recently Governor Masahide Ota announced that he would refuse to execute proxy signatures relative to the renewal of contracts with owners of Okinawan land leased by the Japanese Government for use as military facilities by the U.S. forces. You might say he opted to use his "trump card." There is no need to mention that the Okinawa prefectural citizens cheered the governor's decision, but on the other hand, the Japanese Government was inordinately flustered as it was taken by surprise. Defense Facilities Administration Agency Director General Noboru Hoshuyama (who later resigned) flew immediately to Okinawa seeking a conference with Governor Ota, but he quickly faced the predicament of returning immediately to Tokyo not being able to meet with the governor. The governor has subsequently stuck with his firm refusal to execute proxy signatures and it has become a tense situation in which a "cornered mouse can be fierce as a lion."

Basically, in Okinawa, the aforementioned type of U.S. military crimes are a routine affair. In this connection, there has been 4,675 criminal offenses committed by U.S. military personnel since the return of Okinawa to Japanese government jurisdiction in 1972, including 12 murders of Okinawan citizens. In the past, mainlanders did not display much concern for violent crimes committed in Okinawa, but the recent case has stirred unusual sympathy for Okinawans by mainland local government entities hosting U.S. military bases, such as Tokyo (Fussa city) and Kanagawa prefecture (Yokosuka and Zama cities). The seriousness of the case has caused an unusual situation in which U.S. Ambassador to Japan Mondale has repeatedly apologized to the Japanese Government and President Clinton has expressed his regret over the incident.

However, the question arises, just how well do we mainlanders (Tokyo) appreciate the extent of exasperation on the part of the Okinawan residents? As an individual who served at the Ryukyu University for 10 full years (1980 to 1990) and who was exposed to many differences and dissension between mainlanders and Okinawans, I sense the moral indignation of the Okinawans (Uchinanchu in Okinawan dialect) who cry, "Mainlanders (Yamatonchu in Okinawa dialect), after all, do not understand our situation." Depending on how the Japanese Government handles the situation, the chasm between the two parties may progress to the point of no return. In fact, we should probably say that situation has already progressed to that point. It is now time for mainlanders to deliberately realize that the Okinawan issue represents an unresolved postwar topic in the form of a "legacy of liabilities."

Distrust of Mainlanders

Historically, there are at least three underlying dissatisfactions which Okinawans harbor against Japan ("Yamato" in the everyday language of Okinawans).

As the first dissatisfaction, there is the "invasion and control of Ryukyu" by the Satsuma and Shimazu clans after the first part of the 17th century (I recall that such dominance was taught as the "Conquest of Ryukyu" during my primary school days). After the 15th century, Ryukyu was an independent kingdom controlled by Chuzan Shoke (Shuri Dynasty) which unified the Sanzans (including Hokuzan, Chuzan, and Nanzan), but eventually it lost its independence and faced an unstable situation in which it became subordinate to China and

Japan. It was under those circumstances that Ryukyu came under the control of China (Kara Age) and Japan (Yamato Age). Later, Ryukyu became Okinawa prefecture under Japan as part of the "Ryukyu Disposition" of 1879 (Meiji Year 12) during the Meiji Restoration. Accordingly, Okinawans still embrace the historical perception that they surrendered to Japanese hegemony.

Subsequently, "Ryukyu citizens" became subject to "Policies Applicable to Subjects of the Emperor" and were forced to study the Japanese language as Japanese. It must have been a case where the history and traditions of Ryukyu were destroyed and damage was inflicted on their pride as Ryukyu citizens. The situation was very similar to the Japanese annexation of Korea. It is not a mystery that such a situation created hostility towards the Japanese.

Allow me to discuss one or two episodes. During the Sino-Japanese war of 1894-5, Okinawans were split between those who were pro-Japan and those who were pro-China, and when Japan won the war, some pro-China Okinawans exiled themselves to China. On the other hand, in recent years, possibly seven or eight years ago, when baseball teams from the Okinawa Fisheries High School and Kagoshima Commercial High School played against each other at the Koshien Stadium, the support displayed by the Okinawan society was extraordinary. The atmosphere seemed to transcend the current era and Okinawans spoke of "destroying Satsuma." It is in such a manner that Okinawan defiance against Kagoshima still remains as a viable sentiment.

The second dissatisfaction relates to the Battle for Okinawa at the end of the Pacific War. In April 1945, contrary to Japanese expectations, a 180,000-strong U.S. force from the Philippines bypassed Taiwan and landed at Yomitan in the middle of Okinawa. The 111,000-strong Japanese forces (32d Army Corps) under the command of Lieutenant General Ushijima were split, engaged in a retreat, and were destroyed in the latter part of June in the hills of Mabuni on the southern tip of the island. Ground combat assumed furious intensity, causing the Japanese to lose 200,000 individuals including civilian casualties. It was during the battle for Okinawa that the nurse corps, known as the Himeyuri Unit and conscripted as a combat nurse unit, faced tragedy and there were cases where mothers committed suicide by jumping into the seas while embracing their children. Such tragedies occurred because of fidelity to the teachings that said, "Thou shalt not face the shame of becoming a prisoner of war."

On the other hand, the U.S. forces suffered several tens of thousands of casualties. That situation gave birth to the trend in the postwar era in which the U.S. forces treated Okinawa as proof of the spoils of its victory. Actually, the names of U.S. installations such as Camp "Hansen" and Camp "Schwab" are designations based on U.S. military personnel who perished during the battle for Okinawa.

At any rate, Okinawans still have a strong feeling that the battle for Okinawa enabled mainlanders to avoid a ground war and that Okinawans were "sacrificed" for that purpose. Moreover, the Japanese military failed to protect the islanders; in fact, we hear stories about islanders being executed as spies, removal of islanders including women and children from shelters, and an attempt by Japanese soldiers to protect only their own lives. There were admirable stories about individuals of integrity like Okinawa Prefectural Governor Satoi Shimada, who originally came from Osaka, refused to return to the mainland even in the face of crisis in search of a fate to be shared with that of the Japanese military and the islanders, but such stories were rarely heard. As a result, distrust harbored against the Japanese military was persistent, overlapping with similar mindsets against the Self-Defense Forces and leading to anti-SDF sentiment.

The third dissatisfaction relates to postwar rule by a foreign race. Postwar Okinawa was placed under U.S. military government administration. It was in such a manner that Okinawa was shifted from the "Yamato Age" to the "U.S. Age." However, Okinawa for a time was removed from the jurisdiction of McArthur's forces which administered occupation policy in the Japanese mainland, and faced the situation in which it was a "forgotten island." It was also in such a manner that it had no choice but to become estranged in its relations with the mainland. Subsequently, the Cold War progressed, U.S. occupation policies concerning Japan were shifted to making Japan economically independent (so-called reversal of policies), and movements arose to make Japan the Asian factory and an anti-Communist barrier. Of special note is that the creation of a Korean peninsula into a nation divided between North and South in 1948-9 and the birth of a Communist regime in China led to an acceleration in such trends. Logically, military leaders in Washington reconfirmed Okinawa as a keystone for their defense strategy.

About that time, the State Department formulated the peace treaty with Japan and recognized the need to return Okinawa to Japanese control, but the U.S. military which gave priority to the military advantages of Okinawa refused to concur in such action, placing Dulles who was in charge of the peace treaty project in a predicament. In the end, a compromise between the two departments took the form of Article 3 of the San Francisco Peace Treaty; i.e., the "inherent sovereignty" over

Okinawa shall rest with Japan. During those days, when the issue of the peace treaty was discussed on the mainland, discussions of independence for Okinawa arose within the island. It can be said that the lack of sufficient information led to an optimistic mood. However, as already mentioned, the U.S. government merely confirmed inherent sovereignty, and when the peace treaty with Japan took effect in April 1952, only the mainland recovered its independence. Again, it was a case where Okinawa had been abandoned.

To make matters worse, after the Korean War, the U.S. military embarked on a project to make Okinawa a permanent military installation, and suppressed pro-Communist elements meticulously while mandatorily taking over land owned by Okinawan residents for military use. In response, Okinawan residents engaged in an "island-wide" opposition movement, but were subdued by oppressive policies. It was in such a manner that government by foreign rule continued, the dollar became the official currency, and "Okinawa became a foreign nation within Japan" wherein Okinawans could not visit the mainland without a passport. It was on 15 May 1972, 20 years after restoration of the independence of Japan, that Okinawa was able to liberate itself from such circumstances.

Negotiations Which "Disregarded Okinawa"

One wonders, just how did the "return of Okinawa" become reality? Eisaku Sato, who was the first postwar prime minister to visit Okinawa, uttered the well-known phrase, "The postwar era will not end without the return of Okinawa to the mainland," in August 1965, and subsequently engaged in tenacious negotiations with the U.S. Government. Especially, during summit talks with President Johnson in November 1967, he extracted the promise from the United States to "make a decision within two or three years on the timing of the return," making self-evident the ultimate return of control over Okinawa. Thus, important issues thereafter pertained to the format to be recognized for U.S. military installations after the return. In other words, are nuclear weapons to remain? or are they to be removed? (i.e., with or without nuclear weapons) and will the Japan-U.S. Security Treaty apply to Okinawa as it does to the mainland? or will separate arrangements be made (i.e., will or will they not be similar to those of the mainland)?

Ultimately, the historical talks with Nixon in November 1969 two years later enabled Prime Minister Sato to achieve an extraordinary diplomatic achievement which was commonly referred to as "bartering of threads [textiles] for ropes [Okinawa] in connection with the textiles issue, wherein both parties agreed to a return providing for conditions, such as "absent nuclear weapons, equal to those for the mainland, and return to mainland control in 1972." At that time, the United States was engaged in the Vietnam War and the criticality of Okinawa as a support base had been increasingly confirmed among the U.S. military, but Sato was able to win recognition of "The Three Okinawa Principles." If one were to set aside emotions and historical conditions, the United States represented the "returning party" and Japan represented the "restored party." When compared to the fact that the Northern Territories are yet to be returned to Japan, it would be no exaggeration to say that the most significant postwar diplomatic negotiations were concluded with outstanding success. At least, this represents the mainlanders' version and historical assessment of those negotiations.

However, the recent Okinawan incidents give the renewed impression that the agreement to return Okinawa was a Japan-U.S. arrangement that "disregarded Okinawans" and was of a nature that was not acceptable to the Okinawans. After return of jurisdiction to the mainland, it is a fact that Okinawan society underwent change and that living conditions improved, but U.S. military installations have remained essentially unchanged from prior to the return of control over the island. Land restored to the use by islanders after the return of Okinawa to mainland jurisdiction has been limited to no more than just over 4,000 hectares, and 25,000 hectares are still used as U.S. military installations. Incidentally, this acreage is equal to one-fifth of Okinawa's main island and is extensive enough to span over 25 of the 53 municipalities of Okinawa prefecture. Put another way, the U.S. forces occupy land equal to 11 percent of Tokyo or three-fourths or 75 percent of U.S. military installations in Japan. This is a situation which exists in an Okinawa which comprises only 1 percent of land space in Japan.

Moreover, Kadena Air Force Base, which is said to be the largest of its kind in the Far East, starkly exists in the flattest and narrowest section of Okinawa, which spreads topographically from north to south, and obstructs the flow and growth of the Okinawan economy. Further, mainland capital deluged Okinawan society after the return of control to Japan, leading to the attrition of local industries or their mergers as subsidiaries of mainland enterprises. Even the Motobe Peninsula Marine Exposition, which was held with a high degree of fanfare, resulted in a situation where local sources failed to reap benefits only to be absorbed by mainland entrepreneurs with local sources left with indiscriminate development and marine pollution. That being the case, we cannot help but realize that the Okinawans feel "there was no value in being restored to mainland control." Even if we were to recognize the significance of efforts by the Sato administration, it appears that there was an absence of appropriate efforts on the part of the Japanese Government after the return of Okinawa.

Mass Media Was Late in Responding

At this point, we of the mainland should give adequate recognition to the fact that the Okinawan people are now redirecting their criticism from the United States to Japan. And, we must give profound recognition to the fact that the Okinawan wrath did not boil over just because of the female rape incident, but that it has been smoldering for some time. I would now like to reinterpret the recent incident from both the Okinawan and mainland viewpoint to reexamine the differences existing between the two parties.

First, the chain of events leading to the incident. About 2000, 4 September, an elementary school female student, who was returning home from a shopping trip in the residential area of the northern section of the main Okinawa island, was abducted and raped by three individuals including U.S. Marines stationed at Camp Hansen. This incident was first covered by a local newspaper on the 8th, four days later. The "RYUKYU SHIMPO" (hereinafter referred to as "SHIMPO") reported under the headline, "Three U.S. Military Personnel Detained Under the Suspicion of Rape," that the prefectural police had identified three suspects on the basis of rental car records pertaining to the vehicle used in the crime, had issued by the 8th arrest warrants for the U.S. military personnel under the suspicion of raping a female, and had requested the U.S. military to transfer custody of the three suspects. However, this article was published in a small section in a corner of the local news section. Reportedly, the incident was given such treatment in consideration of the victim's privacy within a small local society. On the following day of the 9th, the "OKINAWA TIMES" (hereinafter referred to as the "TIMES") issued a brief report on the incident, including the fact the U.S. military had retained custody of the suspects, a commentary that the status of forces agreement was posing an obstacle, and a statement of anger issued by the chairman of the prefectural education committee.

And, on the following day the 10th, the "SHIMPO" carried an editorial titled, "Okinawa Does Not Represent Occupied Territory" and criticized the contradiction wherein the United States, which is extraordinarily sensitive to human rights, uses the status of forces agreement as an excuse to violate the human rights of citizens of other nations. Additionally, the editorial demanded that the three suspects be transferred to the prefectural police for conduct of investigations and legal trials of the incident in a manner acceptable to prefectural citizens and the Japanese people and concluded by referring to an "Okinawa relative to which the U.S. military should undergo serious reflection because of conditions still extant despite the lapse of 50 years since the cessation of hostilities in which the islanders face expropriation of vast expanses of lands for use as military installations and involuntary exposure to military crimes and attendant suffering. The Japanese Government should probably sense an increased level of responsibility toward the Okinawan people."

Subsequently, the front page of the two major local newspapers provided articles concerning the young female rape by U.S. military personnel. On the 11th, Governor Ota expressed strong displeasure over the incident during a routine media conference, stated dissatisfaction with the status of forces agreement, and indicated he would convey a request for revision of the agreement to the government. Further, the four prefectural political parties including the Liberal Democratic Party (LDP) asked the prefecture and Naha Defense Facilities Administration Bureau to take measures to prevent similar incidents in the future. In the meanwhile, U.S. Consul General O'Neill, assigned to Okinawa, visited the governor and apologized concerning the incident. Further, the U.S. Fourth Military Corps Coordinator Major General Wayne E. Rollings (concurrently Commanding General, Third Marine Expeditionary Forces/Marine Corps Bases Japan) also submitted a "letter of apology" to the governor ("SHIMPO" of the 12th). The Japanese Government finally began to take action. Director General Masaaki Takagi of the Okinawa Development Agency expressed his concern on the 12th, and the Ministry of Foreign Affairs expressed its concern to the U.S. Embassy and requested measures be taken to prevent recurrence of the incident. Kosuke Uehara, Democratic Socialist Party of Japan deputy chairman and a parliamentarian elected from Okinawa Prefecture, stated his resolve to seek a revision of the status of forces agreement ("SHIMPO" evening edition of the 12th).

During this period, resolutions were repeatedly passed by local municipalities which protested the incident and the prefectural assembly held a U.S. Military Base Relations Special Committee meeting on the 13th and passed a resolution seeking 1) Transfer of the suspects to Japanese authorities, 2) Enforcement of discipline and eradication of crimes, 3) Apology and compensation for the victim, 4) Revision of the Japan-U.S. Status of Forces Agreement and elimination and reduction in U.S. military installations (SHIMPO" evening edition of the 13th). Interest in the incident gradually expanded from the political level to the general-population level, reaching the prefectural PTA federation and private-sector women's organizations ("SHIMPO" morning and evening editions of the 14th). On the 14th, the Okinawa Peace Movement Center issued a decision to hold a Prefectural General Rally on the 26th and condemn the incident by marching in front of the U.S. military headquarters upon conclusion of the rally ("SHIMPO" of the 15th).

On the other hand, on the mainland, there are no signs that the mass media exercised any significant interest in the incident as much as the Okinawan local newspapers during initial stages of the controversy. Mainland newspapers first reported the incident on the 15th in the YOMIURI SHIMBUN" (hereinafter referred to as "YOMIURI") which carried the headline, "Request for Revision of Japan-U.S. Status of Forces Agreement Requested by Okinawa Prefecture in connection with Rape of Girl," but it was a small article which could easily be overlooked. Even the "ASAHI SHIMBUN"(hereinafter referred to as "ASAHI"), which later exercised the most interest, only referred to "U.S. Military Crimes in Okinawa" in an article titled "Window" of the evening edition of the 18th and began providing serious coverage after the 21st. After all, it was probably a case where the perception was that the incident was no different from other U.S. military personnel offenses committed in Okinawa in the past.

However, once the U.S. mass media focused on the incident and provided major coverage, the Japanese mass media's attitude underwent a sharp change. That is, there is no mistaking the fact that the Japanese were influenced by the fact that on the 20th, the "WASHINGTON POST" gave major coverage to the view in its international news section that the case would evolve into a delicate issue between Japan and the United States, that both Japanese and U.S. sources have voiced criticism of the "Joint Statement Concerning Japan-U.S. Security," scheduled to be announced during President Clinton's visit to Japan in November, as an "anachronism," and the fact that CNN, CBS, and ABC television networks provided major coverage of the incident. It appears to be a case where mainland mass media were afflicted by a case of "Familiarity may make one blind to significant facts," or that "external pressures were translated into internal pressures." It was in such a manner that mainland newspapers finally came to comprehend the seriousness of the situation. On the 21st, the "ASAHI" initially carried the details of the incident in its "Advocacy and Commentary" column as written by a reporter assigned to the Naha Bureau. Concurrently, the issue provided major coverage of proposed revisions in the Japan-U.S. Status of Forces Agreement and added the view that the revision was based on the "Collapse of the Cold War." However, on the following 22d, the same newspaper's editorial titled, "Strengthening of the Japan-U.S. Alliance and U.S. Military Personnel Crimes in Okinawa" stated that revision of the status of forces agreement was unnecessary and that it supports countermeasures in the form of revised implementation of the existing agreement, reflecting some vacillation in its position concerning the agreement.

Meanwhile, politicians began to take action. On the 18th, Defense Agency Director General Seishiro Eto expressed himself positively relative to a revision of the Japan-U.S. Status of Forces Agreement, but on the following 19th, the cabinet conference confirmed its position not to seek a revision of the agreement, while on the 20th, the Socialist Democratic Party of Japan and the LDP Defense Divisions discussed revision and on the 21st, Foreign Minister Kono and U.S. Ambassador to Japan Mondale agreed not to revise the status of forces agreement and to establish an ad hoc group to seek improvements in the administration of the current agreement (as covered by the "SHIMPO").

During that period, on the 19th, Governor Ota visited Tokyo and met with Ambassador Mondale to strongly protest the incident and demanded that Foreign Minister Kono negotiate a revision in the status of forces agreement, but faced rejection of his demands ("SHIMPO" evening edition of the 19th and morning edition on the 20th). Further, on the 20th, State Department spokesman Burns issued the view that the agreement did not require revision at this point ("SHIMPO" evening edition of the 21st).

Response to the incident of the above nature irritated the Okinawans. Inflammatory headlines in bold lettering were given noticeable coverage such as "Launch Island-Wide Struggle' for the First Time in 40 Years," "Mothers Should Rise in Support of Movement," "We Absolutely Reject Further Sacrifice," "Anger Over Military and Sex Violence," "Removal of U.S. Military Bases," and "Status of Forces Agreement Can Be Abolished" ("TIMES" 23d, 24th, and 27th). Then, on the 26th, 3,000 gathered to participate in the protest rally sponsored by the Okinawa Peace Movement Center and a demonstration took place calling for "Abolishment of the Security Treaty and Removal of Military Bases" ("SHIMPO" of the 27th).

Just then, on the 27th, a meeting of the Security Treaty Consulting Committee (2 plus 2) sponsored by the diplomatic and defense authorities of Japan and the United States was opened at New York where an agreement was reached on the revision of the special agreement concerning the sharing of costs (HNS???)

for stationing U.S. troops in Japan which is scheduled for expiration during this fiscal year. The result is that Japan will assume 620 billion yen in costs, but this figure probably irritated Governor Ota and his associates. And, as of that date, Okinawan leaders must have been encouraged by the fact that nationwide local government assemblies totaling 36 (later to become 133), including mainly those with U.S. military bases, passed resolutions seeking revision of the status of forces agreement ("YOMIURI" of the 28th).

Finally, on the following 28th, Governor Ota announced that he would not execute proxy signatures for the purpose of mandatory use of U.S. military land. There is no need to mention that the Okinawan people lauded this decision by the governor ("TIMES" edition of the 29th carried the headline "Mr. Ota, You Have Done the Right Thing," while the "SHIMPO" edition of the 29th carried the headline "Proud Decision of Okinawa"). Moreover, on the 29th, the Naha regional prosecutor indicted the three U.S. military personnel and the suspects were transferred to Japanese authorities. The indictment was unusual as a speedy one which took only seven days after submission of the case to prosecutors ("SHIMPO" evening edition of the 29th). Needless to say, the action probably reflected political consideration for the United States.

Meanwhile, on the mainland, the "ASAHI" of the 29th gave major coverage to Governor Ota's refusal to execute proxy signatures, on pages 1 through 3. Next, on the following 30th, it carried an editorial titled, "Issue Submitted by an Angered Okinawa," and once more presented the issue of agreement revision by stating, "If we are to address the essentiality of the security arrangement, both Japanese and U.S. Governments should take action on the revision of the status of forces agreement as well as the reduction of U.S. military bases." On the other hand, "YOMIURI" of 5 October carried an editorial titled, "Reduction of U.S. Military Bases and the Japan-U.S. Security System," in which it commented that the mainland should share the burden of U.S. military bases on the part of Okinawa where eliminations and reductions encounter difficulties, while Governor Ota should be responsive to negotiations by the central government including the Defense Facilities Administration Agency. If the issue is complicated to any further degree, the situation will adversely affect not only the security system, but Japan-U.S. relations as a whole.

Although that may be the case, refusal to execute proxy signatures has created a significant problem. Defense Facilities Administration Agency Director General Hoshuyama visited Okinawa on the 29th, but had no choice but to return to Tokyo without meeting with the governor. The governor has shown no signs of responding to repeated subsequent overtures from the central government. It appears that resolution of the issue will take time in that even government sources are divided between revision of the status of forces agreement or simply improving administration of the agreement.

Recollection of Being Villified

I have an unforgettable personal memory of an episode which once took place relative to Governor Ota who now plays a key role in the Okinawan situation. At a party given by the consul general of the United States at his official residence, myself and a fellow professor, whom I will refer to as E, (from the mainland) were angrily addressed by Ota who was then a professor at the Ryukyu University. Essentially, it consisted of advice—in fact an angry statement before others—that mainlanders should not assume that they really comprehend issues concerning Okinawa. Notwithstanding, I recall that the two of us mysteriously refused to allow ourselves to become upset and that we remained calm. The reason is that we thoroughly understood that professor Ota's wrath was not addressed personally to the two of us, but to all mainlanders.

Five years ago, when professor Ota ran for office against then Governor Junji Nishime, I along with many others expected him to fail election. However, Nishime defied opposition and forced his son to run for election as a candidate for the House of Representatives, caused a split in the conservative ranks, while the UN Peacekeeping Cooperation Law bill affected him negatively, causing him to lose the election to Ota with a margin of only 30,000. It was clearly a case of defeat on the part of Nishime, rather than a victory on the part of the Ota camp. Subsequently, Governor Ota was reelected last year, and we can say that his recent bold decisions could lead to a third victory.

Moreover, one wonders what the situation might have been if the conservative Nishime had still been governor. Would he have made the decision to refuse execution of proxy signatures just like the reformist Ota? Most likely, he would have been unable to make such a decision. That being the case, refusal to execute proxy signatures which became the outcome of the recent incident can be referred to as being characterized strongly by Governor Ota's personality. In fact, it is a case of his presenting many years of distrust toward the mainland in such a format. Just like he villified us some years back. When he announced refusal to execute proxy signatures, the governor said, "This is not a case where I am taking such a stand because the incident took place, but because it would be unbearable emotionally for Okinawans to remain a military base prefecture as we move towards the 21st century" ("ASAHI" 2 October), and those are probably expressions of his true feelings. Okinawans are now assuming an attitude of criticizing mainland Japan rather than the United States, especially denouncing the Japanese Government including the Ministry of Foreign Affairs and the Defense Agency for neglecting the U.S. military base issue. We mainlanders must not misunderstand this point.

Basically, it is illogical that people and space limited to one percent of the national figures are disproportionately burdened with 75 percent of the security requirements. Mainlanders face a grave issue in that they have failed to recognize an illogical situation as being illogical. It is urgent that we make a quick appraisal of the proposition of not only reducing the U.S. military presence in Okinawa but to consider transferring some of the installations to the mainland. We must use such an approach to partially alleviate the burden currently shouldered by the Okinawan people.

Actually, there is a situation in this regard which is unfathomable. The reason for this statement is that Alex Johnson, who served as U.S. ambassador to Japan in the latter part of the 1960's (later serving as deputy secretary of state), exposes the following facts in his memoir ("U.S. Ambassador Jonhson's Memoirs of Japan" translated by myself). When he submitted a report in 1968 concerning a reduction in U.S. military bases, the Ministry of Foreign Affairs and Prime Minister Sato were highly elated when they heard of the number and size of military installations to be turned over to the Defense Agency, but the Defense Agency was alarmed and opposed the report because the United States was about to turn back "too many" installations. In other words, it was a case where the Defense Agency rejected the U.S. proposal for return of installations. If the description of that episode is correct, the U.S. military installation issue is not only a Japan-U.S. issue but an internal Japanese Government issue.

Now that we have arrived in the post-Cold War period, reexamination of the Cold War structure of the past is a given and in that context a reduction in U.S. Okinawan installations is unavoidable. The final telegram transmitted by Rear Admiral Minoru Ota, commanding officer of the Okinawa Area Garrison Unit, just before his suicide read, in part, "It is in such a manner that the people of Okinawa have sacrificed themselves in war; I request that the people of Okinawa be granted special consideration by future generations...." The question is, have we mainlanders been responsive to these final words? Is it not essential that we demonstrate a resolve to coexist with Okinawa?

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Agency: Apparently No DPRK Gift to Chongnyon

OW0401133196 Tokyo KYODO in English 1120 GMT 4 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 4 KYODO — North Korea appears to have not sent its annual education aid and scholarship gift to a pro-Pyongyang group of Korean residents in Japan, the RADIOPRESS monitoring agency reported Thursday [4 January].

The gift has been sent each year since 1983 to the General Association of Korean Residents in Japan (Chongnyon) to mark the start of the new year, said RADIOPRESS, based in Tokyo.

Last year, the first new year's holiday observed since the death of President Kim Il-song in July 1994, Kim's son and heir-apparent Kim Chong-il remitted about 100 million yen to Chongnyon.

RADIOPRESS reported, however, that as of Thursday, Radio Pyongyang had made no mention of a gift made to Chongnyon.

This may indicate North Korea's worsening economic, food and fuel crises, Pyongyang watchers said.

Takemura Terms Yen's Drop 'Economic Fundamentals'

OW0501033596 Tokyo KYODO in English 0330 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Finance Minister Masayoshi Takemura said Friday [5 January] that the dollar's recent sharp rise against the yen reflects the economic fundamentals of Japan and the United States.

Takemura made the remark at his first press conference of the year after the dollar's advanced briefly to the 106 yen level in New York on Thursday, hitting a two-year high against the Japanese currency.

In Tokyo on Friday, the dollar was changing hands in the 105 yen level.

Takemura said the yen-dollar rate is still in a "reversal" process.

"I have currently no concern that the yen may be excessively weak against the dollar," he said.

The Group of Seven (G-7) industrial nations last April called for an "orderly reversal" of the dollar's fall against the yen and the German mark, and their call was reaffirmed in a meeting last October of the G-7's top finance officials.

Impact on Yen by Murayama Resignation Viewed

OW0501050196 Tokyo KYODO in English 0443 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — The dollar edged up against the yen in Tokyo on Friday [5 January] immediately after the news just before noon Japan's Prime Minister Tomiichi Murayama may resign.

The dollar was changing hands at 105.23-25 yen at noon, slightly up from 105.17-20 yen at 9 A.M. [0000 GMT], but little changed from late Thursday's quotes of 105.15-25 yen in New York.

During the morning in Tokyo, the dollar was traded in a range of 104.65-105.37 yen.

Before the news about Murayama, the dollar moved lower against the yen, continuing its fall from a 21-month high of 106 yen line in New York late Thursday amid mounting worries over the U.S. budget impasse.

"Murayama's resignation will have no major impact on the currency market," said a dealer at the Industrial Bank of Japan.

That is because the rumored resignation is expected to be accompanied by persistent dollar-selling to adjust long positions, which were built up in line with its surge against the yen Thursday, he said.

During the morning before the reports of Murayama's planned resignation hit the market, the dollar eased against the yen on worries about the U.S. budgetary situation and declines in stock and bond prices on Wall Street on Thursday, dealers said. The dollar briefly fell below the 105 yen line.

Feelings that the pace of the dollar's rise to the 106 yen line was too rapid prevailed in the currency market, they said.

At the lower levels, however, the dollar remained firm because investors continue to be attracted to higher-yielding foreign financial assets, avoiding the extremely low interest rates in Japan, said Masahiro Yamaguchi of Tokai Bank.

Yamaguchi said he expects the dollar to hover between 104.60 yen and 105.50 yen for the rest of the day.

In New York on Thursday, the dollar lost momentum against the yen after briefly surging to 106.58 yen before noon, its highest level since March 1994.

Hashimoto Willing To Address Loan 'Fiasco'

OW0501054596 Tokyo KYODO in English 0526 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — Finance Minister Masayoshi Takemura said Friday [5 January] the responsibility of various parties in the liquidation of ailing housing loan companies should be pursued at each level through Diet debates.

"The bad loan issue at the seven housing loan companies will be the focus of the upcoming Diet session and all kinds of responsibility should be clarified," Takemura said at a press conference.

The Finance Ministry has come under fire for its decision to use taxpayers' money for the liquidation of the struggling housing loan companies without ascertaining the responsibility of those involved.

Takemura said debates at the Diet session scheduled to start Jan. 22 should cover the responsibility of the managements of the housing loan firms, their founder banks and creditors, as well as those who borrowed from them.

If there are unprincipled debtors uncovered in the process of recovering loans made by the housing loan firms, strict measures should be taken against them, he said.

Takemura said the responsibility of the political and administrative circles and those engaged in policy planning in the past should be clarified as well.

In a related move, International Trade and Industry Minister Ryutaro Hashimoto expressed willingness to explain to the Diet what happened to the home mortgage companies during his tenure as finance minister.

Hashimoto is facing calls that he should take responsibility for the financial fiasco involving the housing loan firms as he was finance minister when the ministry imposed a limit on lending by financial institutions to the real estate sector, but exempting the mortgage firms.

As a result, the housing loan firms supplied massive amounts of funds to real estate firms and were left with lots of bad loans as the bottom fell out of the real estate market.

At the news conference, Takemura also said the Finance Ministry is planning to submit about four financial bills to the Diet session to tackle a series of issues in the financial sector, including the liquidation of the housing loan companies.

Takemura said the ministry is planning to present an amendment to the law on Deposit Insurance Corp. to cope with failures of credit unions and the liquidation of the seven debt-ridden housing loan companies under the new safety net recently mapped out by the government for Japan's financial system.

He also said the ministry is considering legislation to cover the bankruptcy of financial institutions, amendment of the credit union and banking laws, and a bill on disclosure of business information by financial institutions.

New Vice Finance Minister Comments on Policy

OW0501123396 Tokyo KYODO in English 0801 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — New Vice Finance Minister Tadashi Ogawa on Friday [5 January] vowed to tackle an array of difficult issues facing the Finance Ministry, including the liquidation of debt-ridden housing loan companies.

"The ministry is now faced with very difficult tasks and ministry officials have to join forces to implement policy measures to tackle such issues," Ogawa said at his inaugural press conference.

By approval at a cabinet meeting in the morning, Ogawa, 55, director general of the national tax administration agency, became the new administrative vice finance minister, succeeding Kyosuke Shinozawa.

Shinozawa stepped down amid a storm of criticisms of the ministry following a series of incidents, including failures of credit unions, revelations of the involvement of ministry bureaucrats in irregular activities and the ministry's decision to use taxpayers' money to help cover losses stemming from the liquidation of the seven housing loan firms.

Ogawa said, "through debates at the diet, the ministry wants to gain public understanding on its decision to use taxpayers' money to help settle the bad loan problem with the housing loan firms."

Ogawa stressed the need for the ministry to maintain the current structures, refuting the argument that the ministry should be broken up into several entities to avoid excessive concentration of power.

"Detaching the fiscal or monetary section from the ministry could not be considered for stable and smooth economic policy management," he said.

Referring to the revelation of ministry officials' cozy relationships with a central figure in the scandal over illicit loans by two failed credit unions in Tokyo, Ogawa said that although the ministry regards the scandals as basically personal issues, it takes them very seriously.

On the planned rise in the rate of consumption tax in April 1997 to 5 percent from the present 3 percent, Ogawa said there would be no change in the tax reform scheme, stressing that relevant laws have been enacted for its implementation.

He thus tried to defuse growing uncertainties over the key tax policy following Friday's sudden announcement by Prime Minister Tomiichi Murayama of his intention to step down from his post.

In a reference to a new safety net for financial institutions and a liquidation scheme for the housing loan companies, Ogawa said he wants to steadily implement measures in the direction set by the ministry at the end of December.

Ogawa said the ministry will thoroughly check its policy on the bad loans of the housing loan companies, referring back to the speculation-driven "bubble" economy of the late 1980s.

In those boom years, the housing loan companies increasingly made loans with poorly checked collateral, most of which became nonperforming with the bursting of the financial bubble.

Ogawa became head of the national tax administration agency in may 1995 after serving as director general of the securities bureau and the tax bureau of the Finance Ministry.

Editorial Views Opaque Jusen Settlement

OW0501121696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Dec 95 Morning Edition p 2

[Editorial: "Indelible Opaqueness of the 'Jusen' Settlement"]

[FBIS Translated Text] We raised various questions on the handling of the home mortgage company (Jusen) issue in our 21 December editorial entitled "List of Questions Addressed to Finance Minister Takemura," as well as in our 24 December editorial entitled "Questions We Would Like To Ask Agriculture Minister Norota." We requested that the two ministers answer these questions. In response to our request, they answered the questions and the full texts of the finance minister's and agriculture minister's answers were published in our 23 December and 27 December editions respectively. The prompt responses to our requests by Finance Minister Masayoshi Takemura and Agriculture Minister Hosei Norota are greatly appreciated.

Frankly speaking, however, we cannot help but feel disappointed in their answers, and we cannot say that doubts about the transparency of the handling of the Jusen issue has been eliminated. What is apparent is that they are trying to give us the runaround. A fiscal fund amounting to 685 billion yen has been appropriated in the draft budget for fiscal 1996 to make up for the losses. However, it is impossible to convince people who will be forced to bear the tax burden.

Our first question about the agriculture minister's answers concerns the point he maintains that the political settlement of the Jusen issue does not aim at "redressing" the agricultural financial institutions. However, when the distribution of shares of the primary losses amounting to 6.4 trillion yen is taken into account, it is apparent that preferential treatment is being given to agricultural financial institutions. Meanwhile, the founding financial institutions are asked to completely abandon their credits amounting to 3.5 billion yen, and financial institutions in general are asked to share losses of 1.7 trillion yen. This accounts for over 40 percent of financial institutions' credits amounting to 3.8 trillion yen. Agricultural financial institutions are asked to shoulder merely 530 billion yen of losses, accounting for less than 10 percent of their credits amounting to 5.5 trillion yen.

It is apparent that the share for the agricultural financial institutions has been reduced by a large margin from 1.1 trillion yen as requested in the original plan worked out by the Ministry of Finance [MOF]. Furthermore, the reduced amount itself will be made up for by the fiscal fund. In his answer, the agriculture minister says "it does not aim at redressing the agricultural financial institutions." However, it is nothing but sophistry.

Answers by Finance and Agriculture Ministers Attempt at Evading Responsibilities

Our second question is concerned with why the 5.3 trillion yen share of losses from agricultural financial institutions is said to be the "largest possible amount." According to the agriculture minister's answers, the amount has been worked out by subtracting the amount of aid provided in the past three years (amounting to 325 billion yen) from the total profit, then from the interest to be either reduced or exempted (amounting to 855 billion yen) for the agricultural financial institutions for 10 years on the basis of the Jusen's 1993 reconstruction plan.

The Jusen's reconstruction plan was called off long ago. Is not the settlement of the Jusen issue itself the point at issue now? To calculate the share of burden on the basis of a reconstruction plan that is a foregone conclusion is tantamount to making a vain, fictional calculation based on an envisioned scheme.

Moreover, it is true that the interest will be either reduced or exempted. But the agricultural financial institutions must have obtained profits at a high interest rate of 4.5 percent. Profits from the interest rate are given as compensation for taking the risk but they have rejected taking the risk. These institutions will never be called financial institutions in any country in the world.

In his answers, the agriculture minister states that agricultural financial institutions have not withdrawn their funds from the Jusen because a "memorandum" was signed between the MOF and the Ministry of Agriculture, Forestry and Fisheries [MAFF] on the Jusen's reconstruction program. However, people will never understand why the MAFF attempts to evade its responsibility by relying on a bureaucratic memorandum which is invisible to the public.

Our third question is concerned with why agricultural financial institutions are not asked to take responsibility in management? The agriculture minister's answers state that "the responsibility lies in the founding financial institutions." In the accord reached between the government and ruling parties, the term "future" but not "responsibility" is used particularly when agricultural financial institutions are mentioned.

We are surprised that on the grounds of this statement the accord stresses that agricultural financial institutions should not be held responsible. However, the question lies precisely in the accord itself, which states that agricultural financial institutions should not be held responsible.

There are also doubts about the finance minister's answers. First of all, the government has rejected taking legal procedures for settling the Jusen issue from the very beginning. It is said that if legal action is pursued, it would take several years before the problem can be settled. However, this supposition indicates distrust in the capability of judicial authorities, and to put it the other way around, it means over-confidence in the administration. But it should never be forgotten that the administration's decision made behind closed doors while disregarding the regulations has, on the contrary, aggravated the problem and aroused distrust both at home and abroad in the opaque financial system.

Secondly, the point at issue is how the MOF is going to take responsibility. In his answers, the finance minister merely states that "readjustment [seiri] and summarization [sokatsu] will be conducted accordingly." However, where responsibility lies has still not been made clear. The MOF should be asked to take serious responsibility for putting off the settlement of the bad loan issue, thereby inflicting more serious damage. The MOF should also be asked to take responsibility for creating a system known as Jusen which cannot last long, and for turning Jusen into a corporation where retired high-ranking officials can find their second careers [a malpractice known as "Amakudari"].

The third question concerns how restructuring of the financial administration will be conducted. In his answers, the finance minister makes statements on: "A financial system of high transparency based on thorough enforcement of the principle of self-discipline and on strict adherence to the principles of market discipline." The MOF has announced its program to improve monetary administration by such plans as introducing measures to correct [unprofessional practices] at an early time or strengthening the inspection system.

However, such monetary administration will still be far from being a transparent system. On the contrary, even though the MOF already has many functions, it will be further enlarged. While the monetary administration agency should be given inspection and supervision as it's main tasks independent of the MOF control, the practice of issuing administrative guidance by the MOF's Banking Bureau should be completely abolished. Without a complete shift of the coordinates of the monetary administration, Japan will never be able to break away from its monetary system of "convoy fleet administration" [Gososen-dan Gyosei; the practice of bureaucratic protection of major companies].

To Continue Clarifying Details Thoroughly

One common point in the answers given by the finance and agriculture ministers is that neither of them has volunteered to clarify the actual details about how the Jusen issue has been handled. We demand that the details of the talks held between the two ministers on 18 December, at which the political settlement was made, be made public. However, both of them have avoided giving any answers. There is no way to cover up the fact that with the approach of the election what lies behind the political settlement is political pressure from dietmen representing the interests of the agricultural sector [Norin-zoku].

What constitutes a more serious problem is the fact that in addition to a number of Norin-zoku dietmen, there are also top leaders in both the ruling and opposition parties who tolerate the settlement of the issue by "redressing" agriculture financial institutions. It can be said that the settlement of the Jusen issue has turned "all the dietmen into Zoku Dietmen," and this has exposed a weak point in the Japanese political system in which the system seems to have lost its checking function.

It goes without saying that in settling the Jusen issue, measures should also be taken to pursue borrowers' responsibilities. If people are be allowed to have their own way in seeking profits or privileges as borrowers [karitoku] or refusing to take responsibility for paying off debts [fumitaoshi], it will be impossible to protect a democratic society, not to mention the monetary order. It is only proper and right that the founding financial institutions such as major banks should be asked to take responsibility. If they continue to reject disclosing salaries [chingin; as published], it will be impossible to win the people's support.

With regard to the settlement of the Jusen issue, the people have expressed unprecedentedly strong dissatisfaction. Moreover, how this issue is to be settled is a touchstone of whether Japan will be able to shift itself over into a society with a transparent economy. In this light, it is all the more important for the government to make public the actual situation and to clarify where responsibility lies. We have raised questions for Finance Minister Takemura and Agriculture Minister Norota, and we intend to continue to clarify the details about this issue in a thorough-going way.

LTCB President Interviewed on Bank Issues

952A0759A Tokyo KINYU ZAISEI JIJO in Japanese 7 Aug 95 pp 42-45

[LTCB President Katsunobu Onogi interviewed by Isao Kurata, managing director of Kinyu Zaisei Jijo Research Association: "LTCB President Expresses Views on Structural Problems, Bad Loans"]

[FBIS Translated Text]

Hub Markets Solution to Structural Problems

[Kurata] Expectations for a further slowdown of Japan's economy are increasing. What do you think is needed at this time to jumpstart the Japanese economy?

[Onogi] A variety of economic discrepancies have surfaced against the backdrop of structural problems. The strong yen's generation of negative developments in Japan, but no positive effects, is a prime example. The recovery momentum of the economy is weak from a cyclical standpoint, so that these structural problems have become a major hindrance to economic growth. Japan cannot cope with the yen's strengthening and deflation unless it stimulates domestic demand through structural reforms, including tax reforms and the easing of regulations. On the other hand, we cannot ignore the impact of psychological factors. At the very least, it is wrong to wait for the government and the people to reach a consensus of optimism over the economic outlook before initiating needed reforms.

A troubling outcome of Japan's structural problems is its inability to function as a hub, not only from the standpoint of air traffic control, but in terms of finance and telecommunications as well. A hub is a center of activity and information from which goods and information flow out to other regions, similar to a wholesale market.

In the field of finance, the Tokyo financial market is a huge local market that fails to attract funds from other countries, merely on account of Japan's trade surplus. Tokyo is not a world financial hub in the sense that New York and London are. Instead, it more closely resembles Frankfurt's financial market. As long as Japan has a trade surplus, the domestic orientation of Japan's financial market is probably not a problem. However, activity will stop when the Japanese economy finally runs out of steam. A financial market that meets world demands, or an internationally oriented airport for that matter, can survive a lack of domestic activity by mediating the needs of other countries.

The idea of creating an airport hub or financial hub would probably receive mixed reviews in Japan. However, a review of Japan's market regulations and tax system in conjunction with a study of the hub idea would shed light on Japan's current problems. It would not matter if Japan decided against the hub idea in the end. However, it is only fair to future generations to take note of Hong Kong's airport hub and Singapore's financial hub.

[Kurata] In fiscal 1994, Long-Term Credit Bank (LTCB) posted a net operating profit of 80.9 billion yen against 784.2 billion yen in bad loans. How do you plan to dispose of these bad loans in the future?

[Onogi] We expect our net operating profit to bottom out in the first half of the current fiscal 1995 year, then turn up. This is because a huge volume of our so-called "wide" debentures that were issued at a compound interest rate of 8 percent will mature this year, starting from October. Given that market interest rates are not expected to increase from their current low levels in the near term, our fundraising cost will fall sharply when these debentures are turned over. Furthermore, we can expect the spread between our short-term fundraising rate and long-term investment return to expand in the foreseeable future.

Of our 780 billion yen in bad loans, based on disclosure requirements, we expect to write off 390 billion worth, for a loss rate of 50 percent. We have already set aside 330 billion yen in loan-loss reserves, which leaves 50-60 billion in additional reserves to appropriate. After we have set aside these additional reserves, we plan to use our net operating profit to dispose of our restructured loans over the next five years. This timeline is manageable. Put another way, it would be difficult to dispose of our nonperforming loans in one or two years without the support of an increase in stock prices.

[Kurata] Does this mean that LTCB has set a target date for completing its loan write-offs?

[Onogi] Our ability to project the end of our loan write-offs depends on an earnings recovery, generated by those changes in the business environment that I mentioned earlier.

Added Cost of Bailing Out Failed Credit Unions Not Foreseen

[Kurata] The failure of two Tokyo credit unions in spring 1994 has been criticized by the media and Diet members. Has the image of LTCB suffered as a result of its business ties with these financial institutions?

[Onogi] It has. The blow to our image in the eyes of our debenture customers was particularly harsh.

On the other hand, our corporate clients were very understanding and supportive. It stands to reason that they would not have stood behind us if our image had suffered in their eyes. This welcome news has given us further inspiration.

[Kurata] If the Tokyo metropolitan government refuses to contribute to the bailout scheme for these credit unions, which is the current scenario, will LTCB's cost burden increase?

[Onogi] No. LTCB made a substantial financial contribution to the cooperative bailout scheme. Legal issues notwithstanding, we determined that a fair burden based on precedent was needed to maintain the structure of the financial order, given that EIE was the main bank. We felt that 27 billion yen was a fair portion of the cost to shoulder.

Regardless of what the Tokyo metropolitan government decides, LTCB will do what needs to be done, no more or no less.

Asset-Liability Turnover, Not Lending Growth, to Determine Performance

[Kurata] LTCB's plan to dispose of its bad loans within five years hinges on a united effort by all of its employees. Since you became the president of LTCB, you have appealed to LTCB employees to engage in so-called field operations rather than a siege. Specifically, what measures does this strategy entail?

[Onogi] First, we plan to post profits based on turnover, not volume. It is important that the turnover of our "wide" debentures that I mentioned earlier be matched by turnover on the asset side. In our case, about 1 trillion yen in long-term loans mature in a half-year period.

Therefore, we have to extend 1 trillion yen in loans just to maintain our lending balance. This leads to an extremely large turnover such that over 80 percent of our loans are replaced in a five-year period. Our ability to cope with this large turnover is the key to our success or failure.

Of course, we will continue to monitor and meet our customers' needs. In a major departure from the past, however, short-term loans have developed into a profitable asset for us.

For example, when we used the proceeds from debenture issues to extend short-term loans in the past, our short-term lending rate was lower than our fundraising cost. Today, however, we can convert the rate on funds received from debenture issues to a LIBOR basis through swaps, thanks to the creation of derivatives, and use these proceeds to extend short-term loans.

In the past, we could obtain a return just by balancing the left side of the balance sheet with the right side. We can still obtain a return today, but only with the aid of more sophisticated financial strategies.

In short, we have expanded the regional scope of our business to a global basis and at the same time, advanced rapidly in terms of financial and information technologies, starting with derivatives. Against this backdrop, we can move away from an overemphasis on lending volume.

However, this strategy assumes the existence of a risk-management infrastructure and a thorough understanding of the logistics of funding resources.

[Kurata] LTCB is known for its strength in the areas of risk management and derivatives developments. When did you begin cultivating talent in these areas and investing heavily in computer systems?

[Onogi] We have learned from the strong performance of our U.S. securities subsidiary, Greenwich Capital Markets. Greenwich actually started out as a primary dealer of U.S. treasuries. In today's world of arbitrage and derivatives, it earns a profit without taking outright positions. Consequently, its profits were virtually untouched by the deterioration of the market environment last year. In contrast, many investment banks registered a loss because they had taken positions.

After we acquired Greenwich in 1988, we sought to create a synergy between LTCB and Greenwich's operations. We were interested in learning more about its trading methods, not just obtaining a return on our investment. The Glass-Steagall Act was still being strictly enforced at that time in the U.S., which limited our efforts in underwriting activities. However, the impetus for synergy was substantial in terms of technology transfers. We began building our risk management and derivatives skills at that time.

Comprehensive Risk-Management System Envisioned in Two Years

[Kurata] When do you expect to develop a comprehensive risk-management system that covers both credit and market risk?

[Onogi] It will take another two years or so before such a system is in place at LTCB. Our current priority is the management of market risk. Our ability to manage credit risk is impeded by the lack of detailed data on business failure rates in Japan, in terms of breaking down business failures by business scale, industry and other criteria.

I feel that credit risk and market risk can be measured, but it may be difficult to fully integrate these risks in a RAROC system, for example. Factors that are unique to Japan also come into play.

[Kurata] For example, the credit monitoring staff that typically evaluates individual cases on the spot may have a different opinion of credit risk than a department that has established new standards.

[Onogi] That's right. We have created basic criteria for managing credit risk, but we are not yet at the stage where we can implement the system. This is why our current emphasis is on market risk.

[Kurata] Many U.S. banks have adopted a focused strategy, emphasizing those business fields in which they excel. LTCB is frequently compared to J.P. Morgan and Bankers Trust. Do you think that this is reasonable?

[Onogi] Corporate finance is LTCB's mission. Consequently, we would not have any business if we did not take risks. Accordingly, we could not take risks without technologies that help to minimize the risk. J.P. Morgan and Bankers Trust have developed advanced risk management capabilities, from which we would like to learn.

At those banks, the market division accounts for over 50 percent of earnings. At LTCB, however, the market division's profit contribution will not exceed 25 percent. Of course, we want to maintain a strong presence in corporate finance. Our decision to place importance on derivatives reflects their usefulness as a corporate finance tool more than a desire to profit on derivatives trading. In other words, we recognize that derivatives are an extremely important pillar that will support our core business.

In the future, the financial attributes of our clients will change dramatically in conjunction with the expansion of direct financing. For example, bank operations will become increasingly oriented to the disposition of the balance sheet risk of Japanese companies, even though this will not lead to a net increase in lending volume. Banks will probably rely heavily on derivatives to dispel this risk and to meet the off-balance sheet needs of direct-finance clients.

Although J.P. Morgan and Bankers Trust also emphasize derivatives, their objective differs from ours.

Breakdown of Segmented Banking, Banking-Securities Walls Advocated

[Kurata] In competing in Japan's upper tier of banks, what strengths will a bank specializing in long-term finance focus on in the future?

[Onogi] Deciding what to do and what not what to do is not the problem; determining how to best accomplish our objectives is the issue.

For example, everyone is interested in Southeast Asia and derivatives at present. As for the course that the banking industry will take from here, it comes down to the extent to which the front line can determine customer needs and the bank's ability to meet those needs. Put another way, technological advances are generated by the customer. We accumulate technologies as we respond to customer complaints, which leads to the development of a new product if the demand is widespread.

In cultivating its basic forte, a long-term bank must first determine how to take the industrial approach into the future. For example, new directions will surface in emerging industries, such as multimedia and healthcare, and in older industries, such as electric power and petrochemicals, in conjunction with the easing of regulations. Amidst these structural changes, the bank must consider ways of renewing its industrial approach.

Other important areas are the derivatives field and Southeast Asia. If the bank does not have an image of strength in these areas, it will not be able to distinguish itself from its competitors, whether it be in the U.S., Europe or Japan.

[Kurata] Many city bank officials favor a breakdown of the wall separating banks that specialize in short-term financing from those that specialize in long-term financing. Indeed, the impending merger between Bank of Tokyo and Mitsubishi Bank is a step toward the discontinuation of Japan's segmented banking system. What is your outlook for Japan's financial system?

[Onogi] Japan's financial system could change in a variety of ways, including the development of finance corporations, as a new infrastructure forms.

I am not opposed to the idea of universal banking, but I do disagree with the assumption that universal banking will be the only choice. I feel that a bank ought to have the freedom to choose whether or not to continue operating on its own, to transform itself into a corporate entity or to merge with another bank in a move toward universal banking. However, this issue is still far off in the future. In the meantime, I expect the ongoing structural reforms and the accompanying radical changes to culminate in the debut of a second LTCB.

The world of segmented banking is coming to an end. However, I feel that it is in the public's best interest to maintain the distinction between a bank that issues debentures and one that gathers deposits for a little while longer. Against this backdrop, new conceptions will emerge that go beyond the separation of short-term and long-term financing or the banking and securities business.

Firms May Form Network To Boost Competitiveness

OW0501123196 Tokyo KYODO in English 0726 GMT 5 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO — A group of seven Japanese computer makers and two Japanese subsidiaries of U.S. computer companies are considering jointly building a Continuous Acquisition Lifecycle Support (CALS) computerized network, an official of an industry body pushing the project said Friday [5 January].

Through the CALS network, the companies will exchange data on production capabilities, schedules and technical standards, said Junji Tezuka of the Japan Electronic Industry Development Association (JEIDA).

The computer industry's projected CALS — also known as a computer-aided logistical support system — is designed to preserve the quality and bolster international competitiveness of their products, he said.

The nine involved companies are NEC Corp., Fujitsu Ltd., IBM Japan Ltd., Toshiba Corp., Hitachi Ltd., Mitsubishi Electric Corp., Oki Electric Industry Co., Matsushita Electric Industrial Co., and Nihon Unisys Ltd., he said.

The CALS would use a JEIDA workstation as an Internet database into which manufacturers will put information such as on their parts production capabilities and their prospective parts delivery speed to other manufacturers, Tezuka said.

The proposed CALS would help manufacturers pick business partners whom they can entrust with manufacturing electronics components or computers under an original equipment manufacturing basis, he said.

By information exchange through the CALS with JEIDA coordinating it, manufacturers would discuss compiling a unified set of technological guidelines for components that act as the key "platform" for a wide variety of products, Tezuka said.

He denied a Friday report in the business daily NIKKAN KOGYO SHIMBUN that the nine companies are considering cooperation through the CALS to develop central processing units, operating systems and computer architecture.

The nine firms might in the future place data into the internet and CALS on required technical specifications and material quality standards for components they want foreign manufacturers to produce.

In this way, they can integrate high-quality parts into their final products by allowing the foreign manufacturers to retrieve such data through the global web, he said.

Certain types of information to be exchanged among member companies through the World Wide Web and other channels will be protected from outsiders by using passwords and user identification numbers according to the degree of security required for a particular piece of data, he said.

North Korea

U.S. Plan To Strengthen Forces Denounced

SK0401152496 Pyongyang Korean Central Broadcasting Network in Korean 0853 GMT 4 Jan 96

[NODONG SINMUN 4 January commentary: "The Wild Ambition To Crush the DPRK Remains Unchanged"]

[FBIS Translated Text] The United States is still pursuing a policy of confrontation through strength on the Korean Peninsula. This is clearly manifested by the fact that the United States is stepping up maneuvers to build up its forces in South Korea.

According to a report, the United States is planning to additionally deploy a brigade-sized U.S. Army force — that is, 2,748 more troops — to South Korea. According to the report, this plan, which is based on the General Analysis of the Army for 2003, will be implemented beginning this year, and the additional U.S. forces will be deployed in South Korea in two to three years if the plan is accelerated. The plan has already been undertaken.

Concerning this, we cannot but discuss the wrong position and attitude of the United States.

We arrive at the following conclusion in connection with the new reinforcement plan: The United States does not want there to ever be disarmament or detente on the Korean Peninsula. Instead, the U.S. is determined to crush us by force [urie taehan muryok apsarul hansako kanghaeng haryohago ittanungusida].

Bringing an end to the phase of confrontation and ensuring peace on the Korean Peninsula is a prerequisite for peace and security in Northeast Asia and the Asia-Pacific region. Therefore, the world's peace-loving people demand the withdrawal of U.S. forces — the dangerous hotbed of confrontation and war on the Korean Peninsula — from South Korea.

Nevertheless, the United States is planning to reinforce its forces in South Korea rather than withdraw them. This will lead to increased tension on the Korean Peninsula in a headlong challenge to the people's aspiration for peace.

The United States is hell-bent on creating a cold-war atmosphere on and around the Korean Peninsula by clinging to the trite fiction of a threat from North Korea, a threat which is not real.

But the more U.S. forces are reinforced in South Korea, the more it will create the danger of war.

As is known, the United States pays lip-service to improved relations between the United States and the DPRK and to detente on the Korean Peninsula. However, actual U.S. moves are inconsistent with the advertisement.

The new U.S. reinforcement plan for South Korea is a product of a scenario for another Korean war, and is motivated by the purpose of crushing us by force.

Although the cold war is said to have come to an end, the U.S. strategy for crushing the DPRK remains unchanged. The United States is still relying on force. The U.S. plan to deploy additional troops in South Korea demonstrates the fact.

We take particularly serious note of the U.S. plan to stage joint training of its reinforcements and the forces of the South Korean puppet Army in the United States this year. This is a clear indication that the U.S. plan to deploy additional forces in South Korea is for another Korean war.

Undoubtedly, if this plan is realized the U.S. Forces in South Korea will be strengthened much more and U.S. preparations for a Korean war will be proportionately accelerated.

It is utterly destructive to resort to strength in relations with the DPRK. It will further worsen the DPRK-U.S. relations of hostility and can lead the situation on the Korean Peninsula to an extremely dangerous phase. If this happens, the United States will be held totally responsible for it.

The United States has hitherto gained nothing from us by the method of force. The United States would be well-advised to remember the lesson.

NDFSK Issues Declaration on ROK 'Crisis'

SK0501101596 Pyongyang KCNA in English 0754 GMT 5 Jan 96

["NDFSK Calls for Democratic Government" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — The Central Committee of the National Democratic Front of South Korea (NDFSK) issued a declaration on the situation on January 1, exposing the worst political confusion and crisis of South Korea and calling on all the South Korean people to rise up in the struggle for punishing the "civilian" dictatorial group of Kim Yong-sam, the kingpin of corruption and thieves and establishing a democratic new government, said Seoul-based radio Voice of National Salvation.

The declaration said South Korea is now suffering the worst political confusion and crisis over No Tae-u's slush fund scandal.

The corrupt social system of South Korea, based on the U.S. colonial fascist system, is a typical structure of dictatorship and irregularities in which politicians, businessmen and "government" officials are linked with each other in committing irregularities, with "Chongwadae" as the headquarters, it said.

It called on the people to smash the "civilian" dictator's crafty trick to cover up the "presidential election" fund and mislead the public opinion and bring to a trial Kim Yong-sam, who took power with the backing of the money given by No.

We can no longer be fooled by the prosecution that has deceived the people on the order of "Chongwadae", it said. The masses of the people must further intensify the struggle for the liquidation of corrupt politics and the punishment of the killers of Kwangju people.

The declaration further said:

The regime of thieves brings the South Korean people the worst disgrace. As long as the U.S. domination and interference into the internal affairs of South Korea continue, the malignant cancer of corruption can never be eliminated in South Korea. All the people must remove the corrupt regime, establish a democratic new government and invigorate the struggle for independence against U.S. imperialism.

The patriotic, democratic forces must frustrate the last-ditch efforts of Kim Yong-sam, the "civilian" dictator, and win victory without fail on the basis of great unity and organized solidarity struggle with all other people, it added.

Bulletin Elaborates on Support for Reunification

SK0501101296 Pyongyang KCNA in English 0747 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — The secretariat of the International Liaison Committee for Reunification and Peace in Korea (Cilreco) published bulletin No. 12.

The bulletin elaborated on the vigorous international solidarity movement for supporting Korea's reunification.

It edited news that the Swiss Committee for Support to Korea's Reunification launched a signature campaign denouncing the South Korean authorities' fascist suppression and demanding the abrogation of the "National Security Law" and that rallies and demonstrations took place and written protest was made public in different countries to condemn the "Foal Eagle 95" joint military exercise by the United States and the South Korean authorities.

It carried an article stressing that the South Korean ruling quarters' large-scale irregularities and their crisis have attested to the validity of the Cilreco's activities against the South Korean system itself.

The bulletin said that the world progressive forces supporting Korea's reunification will continue their vigorous action against the Kim Yong-sam "civilian-veiled government", which has been engaged in the repression of the forces struggling for independence, democracy and reunification.

ROK Denounced for Calling DPRK 'Enemy'

SK0501031196 Pyongyang KCNA in English 0256 GMT 5 Jan 96

["Act Against Desire of Nation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — The South Korean puppets' description of the DPRK as the first "enemy" in what they call a "defence white paper" is one more unpardonable crime against the nation and reunification, which is throwing a wet blanket over the ardent desire of the nation for reunification and aggravating inter-Korean confrontation still further, says NODONG SINMUN in a signed commentary today.

The analyst further says:

It is made clearer that "dialogue" and "unification" on the lips of the traitorous Kim Yong-sam clique are virtually sham, and they are still blocking the road to dialogue and reunification and, moreover, intend to unleash a war against the North with the backing of foreign forces at all costs.

The Kim Yong-sam group passed a decision to appropriate [word indistinct] billion won, or 10.7 percent up above last year, for the "defence budget" this year.

The puppets, not content with the provocative military manoeuvres against the North staged in South Korea in league with foreign forces, have planned to stage "joint manoeuvres" with the U.S. troops in Texas, the United States, in February this year.

The Kim Yong-sam-bossed group of warmaniacs should act with discretion, mindful that anti-DPRK confrontation and war gamble cannot be a way out of the crisis at all, but will result in precipitating their destruction.

Kim Yong-sam New Year's Speech Derided

SK0501030896 Pyongyang KCNA in English 0302 GMT 5 Jan 96

["Rigmarole of Traitor" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — The traitor Kim Yong-sam of South Korea hosted a "New Year's ceremony" at "Chongwadae" [presidential offices] on January 3 and waxed eloquent of "powerful leadership" and he said that he would "devote himself to the stability and prosperity" of South Korea and "strive for peaceful reunification during the latter half of his term of office.

Kim Yong-sam, in league with outside forces, has been indulged in flunkeyist and treacherous acts harmful to the fellow countrymen and irregularities and corruption for his personal distinction, turning his back on the people.

It is well-known a fact that to prolong his remaining days, he left all politics, economy, military affairs and culture of South Korea to the tender mercy of outside forces and received a colossal amount of money from No Tae-u and helped his relatives and inlaws to rake up an exorbitant wealth.

Kim Yong-sam's remarks that he would "strive for peaceful reunification" are all the more preposterous.

He is a special-class flunkeyist and truculent traitor to the nation, who, from the first days of his office, has resorted to all conceivable means to do harm to the fellow countrymen in league with outside forces and went the length of bartering away the interests of the peasants by opening rice market.

It is none other than the traitor Kim Yong-sam who has turned the favourably developing North-South relations back to the worst phase of confrontation and extremely aggravated the situation on the Korean peninsula.

It is only too natural that the South Korean people are turning out in the anti-Kim Yong-sam struggle, branding him as a politically deficient person, a truculent traitor to the nation and a kingpin of thieves.

Kim Yong-sam is destined to meet his disgraceful doom.

Chongnyon Officials Meet in Tokyo on 1 Jan

SK0201033896 Pyongyang KCNA in English 0326 GMT 2 Jan 96

[FBIS Transcribed Text] Tokyo, January 1 [date as received] (KNS- KCNA) — A New Year's gathering of officials of the General Association of Korean Residents in Japan (Chongnyon) was held at the Korean Hall in Tokyo on January 1.

Present there were Chief Vice-chairman Ho Chong-man and vice-chairmen of the Central Standing Committee of Chongnyon and other Chongnyon officials.

Conveyed at the gathering was the message of greetings sent by the great leader Marshal Kim Chong-il to Han Tok-su, chairman of the Chongnyon Central Standing Committee, on the new year.

The participants prayed for immortality of the great leader President Kim Il-song and sincerely wished the great leader Comrade Kim Chong-il a long life in good health.

They hardened their determination to conduct a vigorous patriotic work in close unity in one mind to develop the movement of Koreans in Japan onto a new higher stage by thoroughly implementing the decisions of the 17th congress of Chongnyon.

Meanwhile, similar meetings took place at local headquarters of Chongnyon on Monday.

Commentary on 'Enemy Clause' in UN Charter

SK0501035296 Pyongyang KCNA in English 0308 GMT 5 Jan 96

["NODONG SINMUN on Removal of 'Enemy Clause' From UN Charter" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — It is our position concerning the removal of the "enemy clause" from the UN Charter that we do not reject the issue but consider it unreasonable to equal Japan with such countries as Germany.

If Japan wants to clear itself of its dishonor as a "enemy state", it should do what it has to do including the settlement of the past.

NODONG SINMUN today says this in a commentary titled "Japan Can Cleanse Its Dishonor Only When It Does What It Has To Do."

The paper recalls that with regard to the issue, a delegation of the Democratic People's Republic of Korea, at the 50th UN General Assembly session, suggested that the UN Charter be revised in such a way as temporarily applying the "enemy clause" to Japan only until it honestly liquidates its past crimes.

The paper says:

Germany has admitted the crimes committed by Nazists during World War II and honestly compensated for them.

What is the case with Japan?

Japan has neither admit nor atone for the misfortunes, sufferings and damages the Japanese imperialists inflicted on the Korean people though half a century has passed.

It has also refused to liquidate the crimes it committed in the past, plunging humankind into misfortunes and sufferings and threatening world peace and security, and promise to refrain from such crimes.

Ill-boding moves have been reported from Japan now when the deletion of the "enemy clause" has been under discussion. Some Dietmen of Japan have argued that Japan's aggression of Asian nations was aimed at "liberating" them from the colonial rule by the West. They have also claimed that an apology for the past will be a "misrepresentation of history" and a "seed of misfortune" for Japan in the future. Such being a situation, Japan has worked hard to convert itself into a military power equipped with nuclear weapons.

If Japan is absolved from its crimes now, it will result in justifying Japan's allegation beautifying its history of aggression and crimes and fostering its ambition for reinvasion.

Adopted at the UN Committee on Human Rights was a resolution urging an overall investigation into Japan's past crimes including the "comfort women for the army" issue and its adequate compensation. At this time, however, a resolution on the deletion of the "enemy clause", which means pardoning Japan for its past crimes, was adopted. This is a contradiction in the UN activities.

We hope that the United Nations will ponder over the issue of freeing Japan from the "enemy clause" and properly resolve it.

Reactor Agreement With U.S. Explained, Defended

SK0501063096 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 4 Jan 96

[Commentary by Kim Ho-sam: "Futile Interference"]

[FBIS Translated Text] The South Korean puppets have again found fault with our nuclear problem, which is nonexistent.

The Kim Yong-sam ring said this and that a while ago about the light-water reactors supply agreement which the DPRK and the United States signed. While doing so, they stated recklessly that the North might not implement the light-water reactors agreement, which had been signed, and that it might break its promise and resume the operation of its nuclear facilities.

This shows that they have turned green with envy over the fact that the DPRK-U.S. agreement is being implemented. This also shows up their insidious attempt to break up the agreement.

As everyone knows, extended meetings were held last year in New York between us and the U.S.-led Korean Peninsula Energy Development Organization [KEDO] based on the DPRK-U.S. Agreed Framework and the DPRK-U.S. joint communique, and the light-water reactors agreement, was signed and made public on 15 December.

According to this agreement, we shall receive keys to two light- water reactor units, with a capacity of producing 1 million kilowatts of electricity each, in 2003. This represents another step forward in the implementation of the light-water reactors agreement. Therefore, political and social circles of various countries of the world welcome this.

However, only the South Korean puppets have turned green with envy and are attempting to slander us. Why then, are the puppets acting this way? As is known, the Kim Yong-sam ring has been extremely isolated internationally because of the slush fund scandal, which shook all of South Korea. On top of that, the situation has been developing more unfavorably for the South Korean puppet, because we and the U.S.-led KEDO signed the light-water reactors agreement.

The South Korean puppets realize the Western world has more persistently sought to establish close ties with North Korea. Therefore, the Kim Yong-sam ring has sought to find excuses to slander us and, thus, hinder the improvement of DPRK-U.S. relations and drive a wedge between the two countries. The excuses the Kim Yong-sam ring invented are that the North may not implement the light-water reactors agreement, but may resume the operation of the graphite-moderated reactors.

This slanderous campaign by the puppets is a futile rash act to find a way out from the aggravating isolation and rejection worldwide. How uneasy the South Korean puppets have been since the light-water reactors agreement was signed, is proven by the fact that in a recent interview to a reporter from FRANKFURTER ALLGEMEINE, a German newspaper, Kong No-myong, puppet South Korean foreign minister, called on the West and Japan not to be hasty with the normalization of relations with North Korea and begged the Western countries to take no action behind South Korea's back. The puppets have talked recklessly because of this uneasiness. However, no one pays attention to the South Korean puppets who are barking to the moon.

We do not speak in two voices. Our Republic has so far frozen the graphite-moderated reactors according to the DPRK-U.S. Agreed Framework of 21 October 1994. Moreover, when the United States, the dialogue partner, failed to abide by the principle of simultaneous actions [tongsi haengdong wonchik], its duty towards us, according to schedule and when, as a result, this principle became shaky, we did not break faith or resume the operation of the graphite- moderated reactors.

As long as the United States does not violate the principle of simultaneous actions, which it agreed on with us, we will never unfreeze the nuclear program as stipulated in the DPRK-U.S. Agreed Framework. Responding to faith with faith is our Republic's consistent position and our attitude toward our dialogue partner.

The Kim Yong-sam ring has sought to preposterously intervene into an issue that can only be discussed between the DPRK and the United States. This is only a futile rash act that can only be committed by the South Korean puppets.

The nuclear problem on the Korean peninsula and the signing of the light-water reactors agreement are not issues that the South Korean puppets, worthless colonial running dogs, can intervene in. As is known, the supply of light-water reactors is an essential provision in the DPRK-U.S. Agreed Framework. This is an issue that can only be discussed between us and the United States. As for the light-water reactors, South Korea is not our dialogue partner or a party that signed the DPRK-U.S. Agreed Framework.

The South Korean puppets have sought to hinder the implementation of the DPRK-U.S. Agreed Framework by committing a futile rash act. This is a serious miscalculation.

At the time of DPRK-U.S. talks in 1994, the puppets desperately sought to hinder the talks and break them up. However, when the DPRK-U.S. Agreed Framework was signed, their efforts ended in vain, and they looked like dogs that are futilely trying to chase after chickens on a roof. People still remember this. If the Kim Yong-sam ring does not want to be brought to such shame again, it better mind its own business and keep quiet.

Ashes, Discarded Rocks Used for Fuel

SK0301060096 Pyongyang Korean Central Television Network in Korean 1100 GMT 17 Dec 96

[Unidentified correspondent video report]

[FBIS Translated Text] [Announcer] Upholding the remarks by the great leader [yongdoja] Comrade Kim Chong-il on the need to vigorously struggle to economize, functionaries of a fuel station led by Comrade Kim Son-kwan and of the Science and Technology Committee in this district have contributed in the solving of the district's fuel problems in houses, organs, and enterprises by producing new fuel with ashes from thermal power plants. [Video shows close-ups of operating machines and the inside of the fuel station]

[Manager Kim Sun-kwan, identified by caption] Not only our district but many other districts have attempted to use ashes from thermal power plants to produce fuel, but they could not made it because the ashes are not easy to burn as they are covered with silicon. However, functionaries and technicians of our fuel station adhered to the task of solving this problem with one accord under the leadership of the district party committee. As a result, in about two months or so after experiencing repeated failures, we were able to develop a new catalyst that helps ashes burn well. Thus, we have finally succeeded in producing new economical fuel for the residents by adding the catalyst to the ashes. We can as much fuel as we want because we have abundant resources of thermal power plants' ashes and Sadong mine's discarded rocks, as well as plentiful pulverized [word indistinct] from cupola furnaces and cement dust, which act as catalysts. Since the caloric value of the new fuel is as much as that of coal, it can be used in houses. [video shows stockpiled ashes, discarded rocks, and cement dust]

Let me tell you about the processing line. First, as you see, ashes from thermal power plants, discarded rocks from the Sadong Mine, mud, and catalysts are put into the crusher. [video shows materials being carried into the crusher through a conveyer belt] Then, the crushed material is transferred by an old conveyer belt to be distributed to the four fuel pressing machines and become fuel. [video shows the fuel, which looks like briskets, being conveyed from the pressing machines on conveyer belts] A fuel pressing machine produces 25 tonnes of fuel during (?the daily working hours). The amount of the plant's daily production reaches 200 tonnes. The produced fuel is transferred to the loading point through a conveyer belt. In this way, the entire processing line is like a stream. This was built by the functionaries of our district with their own strength by displaying the revolutionary spirit of self-reliance and fortitude.

[Workteam Chief Cho Che-pok, identified by caption] Producing fuel with ashes provides many advantages. The production of the new fuel has enabled the district to save 34,000 tonnes of coal a year and has offered great state-level profits. Our experience shows that we can seek out reserves when we vigorously carry out the struggle to economize with a determination to implement the party policy to the last. We will produce the new fuel even better in the future so that we may actively contribute to smoothly solving fuel problems of residents and in operating organs and enterprises.

Vice Minister Stresses Need To Save Electricity

SK0501060996 Pyongyang MINJU CHOSON in Korean 21 Nov 95 p 3

[Article by Han Kuk-sung, first vice minister of the power industry: "It Is an Important Policy Task To Save Electricity"]

[FBIS Translated Text] Based on the importance of electricity in conducting economic construction and in improving the people's standard of living, our party has put forth the important policy task of saving electricity while constantly increasing production, and is now seeing that we firmly struggle to accomplish this task.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: We should firmly struggle to save electricity.

Saving electricity means we should avoid wasting even a kilowatt- hour of electricity supplied to each of our units; should ensure the best utilization of electricity; and should thoroughly follow the state-established limits of power consumption as well as the order and system of power utilization in all areas of our social life so that even greater results can be effected in production and construction, and in improving the people's standard of living by consuming as least electricity as possible.

This is very important not only for the economic development of the country and the development of science and technology, but also for realizing even richer material and cultural living for the working people.

Moreover, the magnificent reality in which great upsurges are brought about on all fronts of production and construction, in which we struggle more vigorously to implement the party's revolutionary economic strategy following the celebrations of the 50th anniversary of the party founding, and in which the demands of the people's lives are evergrowing under our benevolent socialist system, all urge us to struggle more vigorously than ever to save electricity. This is precisely the reason why our party has again recently placed the power conservation issue in the fore as an issue of importance, and has emphasized that we should seek as a party and as a mass campaign to save electricity.

Making the utmost effort to save electricity is an important policy task. Saving electricity is an urgent issue that has proceeded from the significant position the issue takes in reality.

Saving a certain amount of electricity is synonymous with producing as much precious basic energy for the nation as possible.

Conservation is production; this is a universal fact which is applicable to all areas of the economy. In the case of electricity, conservation is even more urgent because electricity is consumed as soon as it is produced. This is what is peculiar about electricity and what is different from other kinds of material, fuel, or energy. As soon as it is produced by hydraulic or thermal power plants, electricity is immediately consumed by the units of consumption that are linked to the power distribution lines. In fact, electricity can be consumed by the units of consumption without limits on time or amount. If all sectors are allowed to consume electricity without any limit, then electricity will have to be produced more than is socially demanded. Furthermore, even if electricity is produced as much as is demanded, consuming electricity without limits on time and amount is impossible in a highly systematic socialist society. If overconsumption is permitted, this will result in wasting precious electricity to an intolerable degree and in seriously jeopardizing the socialist way of production and life. Accordingly, in our socialist society electricity production and consumption are systematically controlled and regulated, while a firm priority is given to power production over all other sectors of the people's economy. Thus, electricity consumption limits are set for each consuming unit, and all consuming units are supposed to make the best use of supplied power and to make the utmost efforts to save electricity.

Second, making the utmost efforts to save electricity is an important guarantee for producing more and for building more, and for guaranteeing the people's living more adequately according to socialist demand.

Saving electricity is particularly important so production can be increased and the people's living can be improved.

If all sectors and units realize how precious electricity is and make efforts to practice saving it, then much more electricity can be saved than now, and production and construction can be increased on a scale equal to the electricity saved.

Just as it is consumed throughout society, electricity can also be saved throughout society. Electricity can be saved by each consuming unit or sector. Power distribution stations that distribute electricity, plants and enterprises that produce social resources by consuming electricity, and even nonproducing units such as agencies and homes can save as much electricity as they try to save. Saved electricity is effectively consumed as soon as it is saved. If all sectors of the people's economy, and if agencies and enterprises throughout the nation, save just 1 percent of the electricity they presently consume, the amount of this savings will be enormous; this alone will enable us to produce a tremendous amount of industrial goods and will greatly help the people's living.

In addition, saving electricity is presently a very urgent issue for successfully accomplishing the party's revolutionary economic strategy.

Our party's revolutionary economic strategy requires that we place the power industry ahead of all other sectors of the people's economy, making it a priority task. This is a most scientific and reasonable policy that has been worked out based on the position and significance of the power industry in economic development. When the power industry, the leading sector of the people's economy, advances far ahead of other sectors, then our socialist economy, which depends primarily on electricity, can develop credibly and upsurges can be brought about ceaselessly in production and construction.

Under the current circumstances, the power industry should be made to advance far ahead of all other sectors of the people's economy. In this regard, the power industry should fully display its production capacities; we should create as much of an electricity reserve as possible by making the utmost efforts to save electricity. When we adequately supply electricity by keeping up with upsurges being created in the production of all sectors and units of the people's economy, only then can we effect an epochal turn in implementing the agriculture-first, light industry-first, and foreign trade-first policies; can the coal industry and railway sector be placed in the fore; and can the metal industry develop continuously according to the demand of the party's revolutionary economic strategy. In particular, electricity should be determinedly saved to increase the electricity supply in order to stabilize production at a high level at iron and steel mills, chemical plants, and machine plants that heavily depend on electricity, and at automated modern production facilities where the qualitative supply of electricity is urgently required. Only then can electricity of the adequate frequency needed for modern technologies and equipment, and the production processes of the relevant plants and enterprises, be qualitatively supplied, while the quantitative supply of electricity is also guaranteed.

Thus, making the utmost efforts to save electricity is extremely important in practice, not only as regards the inevitable demand of the need to develop the economy and improve the people's standard of living, but also as regards the urgent demand of reality to develop the socialist economy of our country.

By upholding the party's intent to struggle in a mass campaign to save electricity, all sectors of the people's economy, as well as agencies, enterprises, and homes across the nation, should turn out in unison to increase the amount of electricity reserves and to consume electricity efficiently.

It is possible to save electricity everywhere, and we already know many effective ways of doing that.

First, as the sector in charge of electricity production and supply, it is important that the power industry itself meticulously organize and thoroughly carry out the work to save electricity.

Voltage stages should be bolstered along power distribution lines; curved lines should be straightened; distribution lines should be perfectly connected; thin lines should be replaced with thicker ones; and power supply transformers should be placed in central areas. Leakage loss can be drastically reduced, but only if necessary action is meticulously taken. In addition, power plants can also reduce leakage loss by operating their transformers according to the loading capacities, by adequately regulating voltages, and by increasing the power and load factors.

There are also many ways agencies, plants, and enterprises can save electricity while operating their energy facilities. If we consider the operation of a motor, a considerable amount of electricity can be saved if motors are not partially loaded while being turned on, if they are not turned on when not loaded, if efforts are made to prevent leakage loss, if oversized motors are replaced with reasonable ones, and if they are operated at a reasonable speed.

In particular, saving electricity is most possible at electricity consuming plants and enterprises. These plants and enterprises can save a tremendous amount of electricity if they take such work- related technical actions in the course of the electrochemical processes as lowering the maximum voltage, enhancing the efficiency of electricity consumption, and preventing leakage loss in the course of hydroelectrolytic caustic soda production. At the same time, a considerable amount of electricity can be saved in electric steel manufacturing if efforts are made to reduce electricity consumption in the melting process, if raw materials are preliminarily warmed before being put into the furnace, and if proper technical measures are sought to prevent leakage loss along the second flow-lines of transformers attached to electric furnaces and to reduce electricity consumption in induction furnaces.

A great potential for saving electricity also lies in organizing staggered production and invariably carrying out the technical innovation campaign at plants and enterprises.

In addition, a considerable amount of electricity reserves can be created if nonproducing units strictly respect state regulations and rules, and struggle to save even a kilowatt-hour of electricity in a mass campaign.

All functionaries and working people should deeply realize how important it is at present to save electricity. They should turn out as one and win great achievements in the struggle to save electricity by fully displaying the spirit of being unconditional and absolute toward the party policy, and by displaying the revolutionary spirit of self-reliance and patriotism.

Capitalist 'Bourgeois Morality' Condemned

SK0501094296 Pyongyang KCNA in English 0928 GMT 5 Jan 96

["NODONG SINMUN on Anti-Popular Nature and Reactionary Role of Bourgeois Morality" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — "Advantages" of the bourgeois morality advertised by the imperialists and their mouthpieces are sham as well as an insult and a mockery of noble human ethics and morality, says NODONG SINMUN in a by-lined article today.

The bourgeois morality is reactionary because it encourages people to the struggle for existence, a jungle law, says the paper. It elaborates on the anti-popular nature and reactionary role of the bourgeois morality.

It goes on:

The bourgeois morality pertains only to the capitalist society.

In the capitalist society people consider it their supreme goal of life and lifelong demand to enjoy more wealth and power.

Those people imbued with the bourgeois viewpoint on morality in the capitalist society absolutize their own interest and their own money-hoarding and leave no stone unturned to have more power and wealth than others.

In the capitalist society the unbounded exploitation and plunder of the working masses by the capitalists are considered to be an act that conforms with the morality and ethics, because of the bourgeois morality regarding an act for the increase of capital and profit as moral.

The people poisoned by the bourgeois morality have neither an iota of elementary conscience nor the sense of obligation of human being. There are antagonism, jealousy and scramble and murder for money and power among parents, brothers, relatives and in-laws, let alone those unrelated.

In the capitalist society where the bourgeois morality holds sway all sorts of social evils and corrupt way of life prevail, fostered by the reactionary ruling quarters.

Imperialists and their mouthpieces say that the international relations are based on strength and, accordingly, it is a morally "noble act" for strong and big countries to control and dominate small and weak countries [words indistinct] and punish those who refuse to introduce western-style democracy.

This is a trick to embellish the bourgeois morality of encroaching upon and violating the demand of the popular masses for independence and their interests and justify aggression and dominationist policy.

The imperialists are making desperate efforts to prettify the bourgeois morality in a bid to cover up the reactionary nature of capitalism and its moral corruption, but in vain.

Workers Hold Rallies To Support Kim Chong-il

SK0501100796 Pyongyang KCNA in English 0740 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — Working people in Korea are now determined to advance vigorously in the new year under the red flag, rallied close around the Central Committee of the Workers' Party of Korea headed by the great leader Comrade Kim Chong-il, to carry out the tasks laid down in the joint editorial carried by NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON.

South Pyongan and South Hwanghae provincial rallies were held in Pyongsong and Haeju on Thursday.

Reporters and speakers at the rallies called upon all the party members and other working people to hold the great leader Comrade Kim Il-song in high esteem and faithfully carry forward his idea and cause with a deeper sense of obligation this year than last year and bring about a decisive turn in the struggle to accomplish the cause of chuche under the leadership of respected Comrade Kim Chong-il.

They said that the struggle of the Workers' Party and people of Korea advancing under the red flag of revolution is the struggle to strengthen the politico-ideological, economic and military positions of Korean socialism to be an impregnable bastion.

They vowed to devotedly defend respected General Kim Chong-il, their destiny and top brain, politically and ideologically and with their lives and continue their vigorous advance along the long way of the revolution, believing in him only.

They stressed the need to brilliantly adorn this year marking the 70th anniversary of the formation of the Down-With-Imperialism Union by the great leader Comrade Kim Il-song, as a historic year, a year of good fortune which will demonstrate the stamina of socialist Korea under the red flag.

Workers, Farmers Unite on Economic Strategy

SK0501113396 Pyongyang KCNA in English 0932 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — Working People of Korea, in hearty response to the new year joint editorial of the newspapers NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON, have turned out in consolidating the three positions of the Korean-style socialism, flying the red flag, united in one mind around the great leader Comrade Kim Chong-il.

They are now preocuppied with unshakable determination to carry through the revolutionary economic strategy of the Woker's Party of Korea, the lofty behests of the Great Leader Comrade Kim Il-song, upgrade the people's standard of living and cement the nation's self-reliant economic foundations as firm as rock, thereby demonstrating the mettle of socialist Korea to the whole world.

Employees of the Toksong coal mine under the Tokchon area coal complex in South Pyongan Province and farmers of the Samjigang co-op farm, Chaeryong County, South Hwanghae Province, held meetings on Thursday and challenged workers, technicians, office workers and farmers throughout the country to a socialist emulation to vigorously press ahead with the new year's general advance, holding aloft the red flag, united in one mind around Comrade Kim Chong-il.

The workers vowed at the meeting to be creators of merits by actively tapping the existing reserves and invigorating the drive for economy, in hearty response to the party's call for maximum increased production and economy like in the period of the great Chollima upsurge in the 1950s, so as to lower the norm of materials consumption per unit of output and increase coal output with small amount of materials.

The farmers made the determination to successfully hit the goal of agricultural production by producing more than ten tons of grain per hectare through a vigorous struggle to carry out the party's agriculture-first policy.

Editorial Urges 'Arduous March' Spirit

SK0501101796 Pyongyang KCNA in English 0938 GMT 5 Jan 96

["MINJU CHOSON Calls for Living and Fighting in Spirit of 'Arduous March'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — Let all of us live and fight vigorously in the spirit of the "arduous march", rallied around the Great Leader Comrade Kim Chong-il in one mind, so as to win a greater victory in the new year's advance and powerfully demonstrate the spirit of Korea of chuche and the heroic stamina of our people once again.

So says MINJU CHOSON today in an editorial headlined "Let Us Live and Fight in Spirit of 'Arduous March'".

The spirit of the "arduous march", the noble revolutionary spirit created during the anti-Japanese revolutionary struggle which was organized and waged under the wise leadership of the Great Leader President Kim Il-song, is the revolutionary spirit of self-reliance and hard struggle with which one makes the revolution to the end with one's own efforts; it is the optimistic spirit with which one pulls through trials without defeatism and vacillation in any adversity; and it is the indomitable revolutionary spirit with which one works hard, not wanting to live on a bed of roses.

The spirit of the "arduous march" is the revolutionary spirit on which the Workers' Party of Korea should keep a consistent hold in accomplishing the socialist cause of chuche, the editorial says, and goes on:

What is important in living and fighting in the spirit of the "arduous march" is that all the officials and working people actively follow the example of loyalty of the anti-Japanese revolutionary fighters and break through the obstacles and difficulties in their way with their own efforts, and make a continued innovation and continued advance with revolutionary optimism and indomitable strong will.

What is basic in the revolutionary spirit which the anti-Japanese revolutionary fighters had is loyalty to the leader and it is the basis of the spirit of the "arduous march".

With the unshakable faith that as we are guided by the Great Leader Comrade Kim Chong-il, we are not afraid of any formidable enemy and will be sure to win victory, we should unquestionably and singleheartedly worship and follow their leader only and firmly defend the respected supreme commander politically, ideologically and with their own lives in any adversity.

The revolutionary Spirit of Chollima, which successfully succeeded to the spirit of the "arduous march" is, indeed, the revolutionary spirit and stamina that our officials and working people should display in the general onward movement in the new year.

SPA Chairman Meets Departing SRV Envoy

SK0401092196 Pyongyang KCNA in English 0833 GMT 4 Jan 96

[FBIS Transcribed Text] Pyongyang, January 4 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly of the DPRK, today met and had a talk with Duong Chinh Thuc, Vietnamese ambassador to Korea, who paid a farewell call on him at the Mansudae Assembly Hall.

WPK Sends Greetings to Swedish CP Congress

SK0301094296 Pyongyang KCNA in English 0913 GMT 3 Jan 96

[FBIS Transcribed Text] Pyongyang, January 3 (KCNA) — The Workers' Party of Korea [WPK] Central Committee sent a telegram of greetings today to the 11th Congress of the Communist Party [CP]-KPML(R) [expansion not given] of Sweden.

The telegram expressed the conviction that the current congress would mark an important occasion in the party's activities for defending and advancing the cause of socialism and developing in strength the party.

Expressing the belief that the relations between the two parties would develop better in the future, the telegram wished success to the party's congress.

Mexican Party Leader Meets DPRK Ambassador

SK0201002196 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 30 Dec 96

[FBIS Translated Text] Indalecio Sayago Herrera, general secretary of the Popular Socialist Party of Mexico, received our country's ambassador to Mexico Kim Chan-sik on 26 December.

At the meeting, the ambassador conveyed the great leader [yongdoja] Comrade Kim Chong-il to General Secretary Indalecio Sayago Herrera. The general secretary expressed deep gratitude and asked the ambassador to convey his wholehearted greetings wishing the great leader Comrade Kim Chong-il, who is respected by the revolutionary people of the world, victory of the socialist cause and a greater success in the struggle for the country's reunification in the new year, as well as wishing him a long and healthy life.

The general secretary noted that respected Comrade Kim Chong-il had published immortal classic works, such as "Socialism Is Science," thus elucidating the road ahead of the revolutionary people of the world. He then stressed: The valuable work recently published by respected Comrade Kim Chong-il, "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries," is the most excellent textbook and a banner of struggle for all revolutionaries who aspire for socialism, while it is a serious blow to betrayers of the revolution who betrayed the leader, who pioneered the revolution, and roughly treated revolutionary seniors. Respected Comrade Kim Chong-il is indeed a model revolutionary. Respected Comrade Kim Chong-il's firm faith to complete the revolutionary cause pioneered by the great leader [suryong] Comrade Kim Il-song is the source of might for world revolutionaries who aspire for socialism. In the recent work, respected Comrade Kim Chong-il elucidated the road ahead of the younger generation that shoulders the sublime mission to complete the socialist cause through generations. We firmly believe that the DPRK will achieve the victory of the socialist and communist cause without fail under the leadership of respected Comrade Kim Chong-il who is boundlessly loyal to the leader's [suryong] revolutionary cause.

New Year Children's Art Performance Reported

SK0101061196 Pyongyang KCNA in English 0604 GMT 1 Jan 96

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA) — School children in Pyongyang gave a New Year's art performance at the Mangyongdae School Children's Palace on December 31, 1995, on the new year 1996.

It was appreciated by Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Kim Pyong-sik and other senior officials of the WPK [Workers Party of Korea] and state.

Also seeing the performance were members of delegations and visiting groups of the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland, overseas Koreans from different regions and Yi Chong-sang, representative of the National Democratic Front of South Korea in Pyongyang.

Present there were foreign diplomatic envoys and embassy officials here and foreigners.

The leading officials of the party and state were shown round various circle rooms to see handwritings by brushes, poems and art works of school children and then met and congratulated children upon their distinguished example in studying and upon their first place at the national program contest and international competitions.

The performance began with a song and dance "We Make New Year's Greetings to the General, Respected Father". Put on the stage were a chorus "Generalissimo Came Back From a Long Journey", a trio "Thanks to the Leader", a dance "We Will Also Become Seamen of the General", a song and dance story "General Is Chongnyon, Our Life", a dance and chorus "Three Millions of Children Are Rifles and Bombs", a chorus "General Is the Whole World" and other numbers.

The performers emphatically sang of the happy life of the school children who are growing up stoutly, prepared mentally, morally and physically, in the affectionated bosom of the great leader General Kim Chong-il, holding the great leader Generalissimo Kim Il-song as the eternal sun of chuche, and the steadfast faith and will of the Children's Union members to become three millions of rifles and bombs defending the safety of the respected general.

Circus Troupe Praised for Performance in Germany

SK0301090996 Pyongyang KCNA in English 0900 GMT 3 Jan 96

[FBIS Transcribed Text] Pyongyang, January 3 (KCNA) — A small group of the Pyongyang Circus Troupe of Korea created a great sensation among the spectators at a joint world circus performance in local areas of Germany.

"Pole stunt", "swinging stunt by two" and "board act", which were put on stage by the Korean acrobats in a performance held in Stuttgart on December 14 last year, received appreciative applause from the spectators.

The general director of the joint world circus performance said:

"Many countries are taking part in the current performance, but it is only Korea that has prepared flawless pieces in artistic and technical senses.

"This is the first time I saw such fresh, splendid and well- organized pieces as the acrobatics of Korea.

"The dwellers of Stuttgart are completely fascinated by the Korean acrobatics. It has almost carried away the hearts of the spectators."

An engineer said:

"The acrobatics of Korea is lofty and attractive. It refreshes the people mentally and makes them physically strong. I saw through the performance the lofty and beautiful mental features of the Korean people."

A Dutch organizer of the joint performance said Korea has the most uptodate circus theatre in the world.

"The acrobats are brought up there systematically," he said. "There will be no country that can catch up with Korea's aerial stunts in the future, either."

A director said that the "three-stage trapeze flight" is flawless in technique and form. "It is rare to be seen in the world," he said.

Anniversary of Sudan's Independence Noted

SK0501033896 Pyongyang KCNA in English 0241 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — A meeting was held here on Thursday to mark the 40th anniversary of the independence of the Sudan, under the sponsorship of the Korean Committee for Cultural Relations with Foreign Countries and the Korea-Sudan Friendship Association.

Present at the meeting were Vice-chairman of the Committee Yi Song-ho, Vice-president of the Korean Film Studio and Vice-chairman of the Association Paek Yi-sun, members of the association and citizens.

A speech was made there before a congratulatory message to the president of the Republic of the Sudan was adopted. After the meeting, the participants saw a Sudanese documentary film.

Zimbabwe Lauds Wise Leadership of Kim Chong-il

SK0501101496 Pyongyang KCNA in English
0749 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — "We are rejoiced over the achievements made by the Korean people in the building of socialism under the wise leadership of the great leader [as received] Comrade Kim Chong-il."

Zimbabwean President Robert G. Mugabe said this on December 31 last year when he met with the Korean ambassador.

Zimbabwe will positively support the just cause of the Korean people in the international arena, he said, hoping that Korea would be reunified in an independent and peaceful way at an early date.

Kim Chong-il's Works in Friendship Bulletin

SK0301044096 Pyongyang KCNA in English
0354 GMT 3 Jan 96

[FBIS Transcribed Text] Pyongyang, January 3 (KCNA) — The France-Korea Friendship Association published bulletin No. 50 on December 25 last year.

The bulletin carries news that the great leader Comrade Kim Chong-il published the immortal famous works "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song" and "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism."

It also carries accounts of a military parade and a demonstration held in Pyongyang to commemorate the 50th anniversary of the Workers' Party of Korea and of a grand national reunification festival and an international solidarity meeting for supporting Korea's reunification held in Pyongyang to mark the 50th anniversary of Korea's liberation.

Romania Replies to Congratulatory Message

SK0101232796 Pyongyang Korean Central Broadcasting Network in Korean
0600 GMT 29 Dec 95

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, received a reply from Romanian Prime Minister Nicolae Vacaroiu, to his congratulatory message on the Rumanian national day. In the reply message, the Romanian prime minister thanked Premier Kang for sending the congratulatory message and expressed his firm belief that relations between the two countries will continuously develop.

Group Visits Kim Il-song, Kim Chong-suk Images

SK0201043796 Pyongyang KCNA in English
0342 GMT 2 Jan 96

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — Chief Yi Chong-sang and members of the Pyongyang mission of the National Democratic Front of South Korea [NDFSK] laid a floral basket and made a bow before the statue of the great leader President Kim Il-song on Mansu Hill on Monday on the occasion of the New Year.

On the same day, they laid bouquets of flowers before the bust of Comrade Kim Chong-suk [Kim Chong-il's mother], an indomitable communist revolutionary fighter and anti-Japanese heroine, in the Revolutionary Martyrs Cemetery on Mt. Taesong and observed a moment's silence in memory of her.

Kim Chong-il Receives Messages of Greetings

SK0501045396 Pyongyang KCNA in English
0244 GMT 5 Jan 96

[FBIS Transcribed Text] Pyongyang, January 5 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from Mohamed Abdelaziz [spelling of name as received], president of the Saharan Arab Democratic Republic and secretary general of the Polisario Front; Jabir al-Ahmad al-Jabir al-Sabah, amir of State of Kuwait, on the New Year 1996.

Comrade Kim Chong-il also received messages of greetings from General Secretary of the Central Committee of the All-Union communist Party of Bolsheviks Nina Andreyeva, President of the Presidency of the Communist Workers' Movement of Yugoslavia Stevan Mirkovic, General Secretary of the New Yugoslav Communist Movement Branko Kitanovic, Secretary General of the African Party for the Solidarity and Justice of Mali Ibrahima N'Diaye, and Chairman of the Peruvian

Nationalist Movement of Labour Eleazar Gutarra Maravi on the new year [spelling of party leaders' names as received].

The messages extend the warmest congratulations to Comrade Kim Chong-il on the new year.

They express the belief that the friendly and cooperative relations between their countries and Korea and between their parties and the Workers' Party of Korea will further strengthen and develop in the new year, too.

Kim Chong-il Receives Floral Basket From Guyana

SK0401102196 Pyongyang KCNA in English 0749 GMT 4 Jan 96

[FBIS Transcribed Text] Pyongyang, January 4 (KCNA) — The great leader Comrade Kim Chong-il received a floral basket from Peter Persaud, leader of the Amerindian Action Movement of Guyana on the new year.

The floral basket was handed to the Korean Embassy in Georgetown by Peter Persaud.

He stressed the presentation of the floral basket on the new year is an expression of love and reverence of the movement for Comrade Kim Chong-il.

He said that he would continue to support the struggle of the Korean people for national reunification and make every effort to further develop close friendly relations between the Amerindian Action Movement of Guyana and the Workers' Party of Korea.

Kim Chong-il Receives Basket From Pakistan

SK0201034496 Pyongyang KCNA in English 0327 GMT 2 Jan 96

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — The great leader Comrade Kim Chong-il received a floral basket from the Central Secretariat of the Pakistan People's Party in the name of the party on the new year 1996.

The floral basket was handed to the DPRK ambassador to Pakistan by Shanawaz Khan [as received], acting director of the Central Secretariat.

Businessmen, Diplomats Pay Homage to Kim Il-song

Businessmen Lay Flowers

SK0101061696 Pyongyang KCNA in English 0610 GMT 1 Jan 96

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA) — Foreign businessmen staying in the Najin-Sonbong Free Economic and Trade Zone expressed homage to the great leader President Kim Il-song on the new year.

They laid bouquets of flowers and made a bow before a picture of President Kim Il-song beaming as brightly as the sun in Tongmyong-Tong this morning.

The authorities of the zone gave a party in the evening of Sunday [31 December] for the businessmen who are managing contractual and equity joint venture and solo enterprises in the zone.

Institute Sends Basket

SK0201043096 Pyongyang KCNA in English 0340 GMT 2 Jan 96

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — A floral basket came to the statue of the great leader President Kim Il-song on Mansu Hill here from the Asian Regional Institute of the Chuche Idea on the new year 1996.

The floral basket was laid before the statue of President Kim Il- song on January 1.

Diplomats Visit Memorial

SK0201043296 Pyongyang KCNA in English 0340 GMT 2 Jan 96

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — Foreign diplomatic envoys in Pyongyang visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him on Monday on the new year.

They made an entry in the visitor's book.

South Korea

Feb Joint Military Exercise in U.S. Announced

SK0101043296 Seoul THE KOREA TIMES in English 1 Jan 96 p 3

[FBIS Transcribed Text] ROK and U.S. forces will stage their first large scale joint exercise in the mainland United States in February, the Defense Ministry said Saturday [30 December].

According to the ministry, 285 ROK soldiers belonging to the Third Army will join members of the U.S. Third Army Corps in the exercise to be held in Texas over one week in mid-February.

The ROK contingent will be headed by Gen. Chang Song, deputy commander in chief of the ROK-U.S. Combined Forces Command, it said. The exercise will be conducted on terrain similar to that of Korea.

Some military watchers say that the exercise has been organized to enhance the two's joint military posture without provoking North Korea, which is very sensitive about ROK-U.S. joint war games in Korea.

The ministry said that it will be first time fully-armed soldiers of the ROK army have gone to the United States to take part in an exercise there. About 40 senior officers of the ROK Armed Forces were invited to observe a U.S. First Army Corps exercise in Seattle in 1993.

Most of the two countries' joint exercises, including the biggest "Team Spirit" war game, are conducted in Korea, where the two Koreas have remained technically at war.

Samsung Electronics, Texas Instruments Clash

SK0401121896 Seoul YONHAP in English 0836 GMT 4 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 4 (YONHAP) — Samsung Electronics Co. filed a lawsuit Monday against Texas Instruments (TI) of the United States in the U.S. district court in Dallas, Texas, insisting that the U.S. company infringed on 13 of its U.S. patents, company spokesman said Thursday.

TI filed a countersuit against Samsung on the same day alleging that Samsung has used its dynamic random access memories (DRAMS) manufacturing patents illegally, the spokesman said.

The semiconductor war stems from unsuccessful negotiations between the two companies that lasted almost all of 1995 regarding the renewal of a semiconductor patent licence agreement that expired at the end of last year, the spokesman explained.

When the previous agreement expired Samsung offered a cross license contract, under which the two compnies would exchange technologies for free, but TI demanded an increase in the royalties Samsung would pay instead, apparently planning not to acknowledge Samsung's U.S. patents, the spokesman said.

Samsung's complaint alleges that the company' basic stance on the intellectual property rights is to honor the valid patents of others including TI, and it expects others to respect its patent rights. In support of their position, Samsung has indicated that they have similar agreements with all of the other major U.S., Japanese and European semiconductor manufacturers, the source said.

To date, however, TI has refused to recognize the value of Samsung's patent portfolio, contribution to the advancement of semiconductor products and its huge investment in research and development, said the source. He recalled that the South Korean chipmaker is a leader in developing 16-, 64- and 256-megabit and 1- gigabit DRAMS. He also boasted that Samsung has some 1,300 patents in the United States, and is currently applying for some 1,600 patents there.

Industry analysts here believe that Samsung's suit against TI is a sign of Samsung's confidence as the No. 1 DRAM producer in the world.

Ways Sought To Mitigate U.S. Trade Disputes

SK0501040296 Seoul THE KOREA TIMES in English 5 Jan 96 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Korean government officials are working out ways to mitigate trade disputes with their American counterparts as Seoul-Washington trade relations are likely to see rough sailing ahead of crucial elections this year on both sides of the Pacific.

A Ministry of Finance and Economy (MOFE) official said Seoul has adopted a three-pronged strategy to fine-tune potential clashes over trade issues between the two countries.

First of all, he said the government will initiate an early warning system to settle bilateral trade disputes before they become political and emotional issues. Through the early warning system, the government will identify what troubling issues will emerge and seek ways of solving them without confrontation.

The MOFE official, who is in charge of external trade issues, said Seoul will voluntarily modernize and improve practices and rules to make them compatible with those prevailing in industrialized countries. Seoul will also intensify public relations campaigns to help foreign correspondents, commercial attaches and businessmen here better understand what Seoul is doing to accommodate foreign complaints. Frequent contracts with these expatriates resident in Korea will be made and English information will be provided to them on a regular and irregular basis, he added.

In April, Korea will hold a crucial general assembly elections which might shake the basic foundation of the domestic political structure. Ahead of the election, Seoul officials may have to pay attention to the attitudes of voters to the opening of domestic markets, he added.

He and other government officials said the Clinton administration might try to take issue with any trade problem, whether minor or major, if it thinks it will help woo American voters. A minor economic and trade issue, unless managed in advance, might become a protracted, emotional and political dispute. This will not be helpful for the ruling parties of the two countries, they added.

"I believe U.S. Ambassador James Laney's courtesy call on Deputy Premier and Finance and Economy Minister Na Ung-pae yesterday is just a symbol of how Washington is interested in solving potential bilateral trade issues in an amicable way," officials said.

In every election year, the U.S. Congress has maintained a tough policy on trade issues. But unfortunately, Korea is also holding an election. The trade issues are directly linked to votes in each country, they added.

Seoul officials predicted however that they will be able to manage the bilateral trade issues in an amicable way because the two sides know too well the political implications of deadlocked trade disputes.

They said Korea posted an unprecedented trade deficit of 6,200 million dollars with the United States last year, indicating that Korea's market-opening has been effective, at least from the viewpoint of trading partners. Last year, Korea also recorded a historic high global trade deficit amounting to 9,800 million dollars. Imports grew faster than exports. This should be a factor that should mitigate the emotional lobbyists and politicians in the U.S. Congress, they said.

Korea is the only country among Northeast Asia's major nations, including Japan, China and Taiwan, which registered a trade deficit with the United States, they said.

Another factor that should moderate the "foreign offensive" to open the Korean market is the fact that Seoul has been opening the economy and the market in strict accordance with the pre-announced timetable. Although the opening pace may not be satisfactory, Seoul has been consistent in its implementation of the pre-announced programs, many diplomats here agree.

Seoul officials predicted that Washington might wage a pitched campaign to open the domestic automobile market, at least until U.S. cars control 5 percent of the domestic market or 50,000 units. Regardless of Korea's position, the U.S. Congress and the USTR [U.S. Trade Representative] will "attack" Korea to open the domestic automobile market, analysts here predicted. This tactic is aimed at wooing the votes and influence of powerful U.S. automobile unions and companies to ensure Bill Clinton's re-election, they said.

But Korean voters might get angry if the U.S. should ask Seoul to buy a specific number of American cars or to increase the automobile imports by 2,000 percent per year, an MOFE official said.

Other minor but equally important trade issues dividing Seoul and Washington are Seoul's extension of the distribution periods for imported food, the participation of the U.S. AT&T in supplying telephone switching systems to Korea Telecom and Seoul's retroactive application of copyright on books and computers, government officials said.

Another headache Seoul officials are confronting ahead of the crucial April election is the Korean seat in the Organization for Economic Cooperation and Development. Seoul may be forced to open the domestic financial market additionally if it wants to satisfy the OECD members and become a full member, analysts said.

Additional opening might alienate "emotional" Korean voters. Korea's possible putting-off of the membership application, which is quite remote at this stage, will tarnish the nation's international image, a government official said.

It is an irony that the OECD has been "soft" in accepting Hungary and Poland as new members while being "tough" on Korea which lent money to Hungary and Poland, government officials added.

To expand Seoul's horizons on exports, Korea needs to cement ties with developing countries, especially in Southeast Asia, and China. In March, Korea will send a high-powered mission to the ASEAN-Euro summit, to be held in March, in Bangkok, as a way of showing Korea's interest in the ASEAN and European markets, MOFE officials said. But they said Seoul will not adopt an "American-style approach" to pressuring developing countries into opening their markets so that more Korean products are sold there.

DPRK Residents in U.S. Form Hantonghyop Group

SK3012072195 Seoul MAEIL KYONGJE SINMUN in Korean 30 Dec 95 p 2

[Report by Chong Po-chol]

[FBIS Translated Text] Pak Sang-pom, secretary general of the Presidential Advisory Council on Democratic and Peaceful Unification, revealed: "In October, Korean residents in the United States centered on the Hamgyong Provincial fraternity association in Washington, formed the Hangyore Reunification Consultative Council [Hantonghyop], which is wholly in charge of North Korean affairs." This is attracting attention because the forming of such an association hints that there is a possibility that North Korea may carry out offensive movements against the South by using a roundabout strategy through the society of overseas Koreans, as one of the means to overcome its crisis.

During a seminar entitled, "Prospects for the Reunification Policy for 1996," held at the conference room of the Presidential Advisory Council on Democratic and Peaceful Unification, Secretary General Pak said: "The creation of Hantonghyop may be a preview of the emergence of the U.S. version of the General Association of Koreans Residing in Japan [Chongnyon]. It is expected that North Korea will increase such moves even more in the United States in 1996. We are closely observing Hantonghyop."

Secretary General Pak also analyzed: "Currently there is discord within Hantonghyop such as being divided into east and west groups in the United States. This may be because of disagreement between factions in competing for loyalty to Kim Chong-il."

North Rice Aid Policy Awaits Anthony Lake Visit

SK0501125096 Seoul KBS-1 Radio Network in Korean 0700 GMT 5 Jan 96

[FBIS Translated Text] A government official revealed on 5 January that harmonizing policy between the ROK, the United States, and Japan regarding additional rice aid to North Korea will be carried out on a full-scale when White House National Security Adviser Anthony Lake visits the ROK on 13 January. This official explained that National Security Adviser Lake's visit to the ROK will be an important diplomatic channel to officially convey to the U.S. side our government's firm policy — such as the two main preconditions for giving rice aid to the North, which our government had decided upon late last year.

In particular, this official denied reports that the United States and Japan are strongly urging our government to accept additional rice aid to North Korea. Therefore, he explained that harmonizing policy regarding rice aid to the North will be completed after the visit to the ROK by a high-ranking U.S. official; the ROK- U.S. and ROK-Japan foreign ministers' meetings which will be held 9 January during the Paris conference in connection with the issue of assisting Palestine; and the ROK-U.S.-Japan high-ranking strategic consultation regarding the North, which will be held 24 January in Hawaii.

U.S. State Department Stance on Aid to DPRK

SK0501021496 Seoul YONHAP in English 0200 GMT 5 Jan 96

[FBIS Transcribed Text] Washington, ran. 4 (YONHAP) — The United States has not been asked by hunger-stricken North Korea for additional rice but will seriously consider more assistance if it is requested, U.S. State Department spokesman Nicholas Burns said Thursday.

In a press conference at the Foreign Press Center in Washington, Burns said that he was unaware of any specific request for more aid and that Washington has no current plans to provide additional assistance.

"But if we are requested, we'll, of course, consider those requests quite seriously," he added.

The spokesman said that the food situation in the isolated communist nation is so severe, the prospect of great privation and even famine exists there this year if the international community does not come forward with food assistance. He pointed out that the United States has already sent 250,000 U.S. dollars worth of food to the communist nation,

Washington is currently engaged in ongoing discussions with Seoul about the food shortage crisis in North Korea, the spokesman noted, as well as America' continual monitoring of the military situation on the Korean peninsula and the suspension of Pyongyang's nuclear program.

Ministry on Allies' 'Unilateral' Aid to DPRK

SK0501013396 Seoul THE KOREA TIMES in English 5 Jan 96 p 2

[FBIS Transcribed Text] Seoul will strengthen its alliance with Washington and Tokyo on the basis of the principle that inter-Korean issues should be settled through direct dialogue between South and North Korea, the Foreign Ministry said yesterday.

A ministry spokesman made the remarks, denying a press report that Seoul was considering abandoning the principle and allowing its allies to unilaterally extend a helping hand to North Korea.

The three countries will seek to create "well-calculated" approach in dealing with North Korean issues in a high-level meeting, slated for Jan. 24-25 in Hawaii, a ministry official said.

"If the three countries act differently to the North, it may give it the wrong signal," said Yim Sung-chun, director general of the ministry's American Affairs Bureau.

The official said that Seoul will continue to closely consult with its allies to effectively cope with North Korean issues.

Meanwhile, Seoul is also asking Washington and Tokyo to press North Korea to resume dialogue with South Korea.

Seoul has maintained that additional rice aid to North Korea is impossible without the resumption of government-level dialogue between South and North Korea.

Seoul To Operate U.S. Nuclear Observation Post

SK0501095596 Seoul CHOSON ILBO in Korean 5 Jan 96 p 2

[FBIS Translated Text] It was learned on 4 January that the government will begin independently operating its own facility for observing PRC nuclear tests and nuclear testing in the Asian region in general.

A relevant official of the Ministry of Foreign Affairs said: "Until now the government has relied on reports based on the observations of U.S. Forces stationed in Wonju to learn about nuclear tests conducted by countries near the Korean peninsula. However, beginning this year, the ROK will take over the post from the U.S. Forces."

He added: The Wonju observation post of the U.S. Forces, established in the 1960's, is the utmost frontline base for observing PRC nuclear tests. After accepting this observation, the government will master the operational technology and consider ways to modernize it. This decision by the government is based on its assessment that even the system to check nuclear activity in areas near the Korean peninsula has become dysfunctional due to the government's denuclearization declaration, and the ROK's "nuclear sovereignty" has been compromised. So now, for the first time, the government will have its own nuclear test observation facilities.

Russia: DPRK Not Giving Up Nuclear Program

SK0501111196 Seoul SEOUL SINMUN in Korean 5 Jan 96 p 2

[By Yu Min in Moscow]

[FBIS Translated Text] A Russian Government report assessed that despite North Korea's nuclear agreement with the United States, North Korea will not easily give up its nuclear development program, but will instead attempt to secretly import nuclear materials.

SEOUL SINMUN obtained this exclusive report, which resulted from a secret meeting assessing the North Korean nuclear issue which was held at the Russian Foreign Ministry in December 1995. About 10 director-level officials of the Russian Foreign Ministry, the Atomic Energy Ministry, and ministries related to external economic relations, as well as those of nuclear-related government agencies and institutes, attended the meeting.

The report states: "North Korea's nuclear development has been an important means to strengthen its internal unity and maintain its regime. Kim Il-song and his son have personally overseen the program. The nuclear development program is the greatest achievement of Kim Il-song and his son. North Korea will not easily give up the program, which has been a symbol of North Korea."

The report expects that "the powers in North Korea will return to the nuclear game once they believe their privilege is at stake," and recommended that "the international community consider the interests of the North Korean powers in inducing North Korea to join the international community."

Concerning North Korea's nuclear facilities, the report disclosed that in addition to those in Yongbyon, which are subject to inspections by international organizations, North Korea has more nuclear facilities in Pakchon and other areas, as well as nuclear development institutes and related facilities in 20 areas, including Hamhung, Kilchu, and Kusong.

The report revealed that North Korea extracted 7 to 22 kg of plutonium (enough for one to three nuclear warheads) from the atomic reactors that had been in operation until 1994, and that the plutonium is being stored in a special section in Yongbyon, and that North Korea tested over 70 times high explosive triggering devices for nuclear warheads in Yongbyon and nearby areas from 1991 to 1994.

As regards the Nodong No. 1 Missile, which North Korea independently developed and tested in the East Sea in 1993, the report concluded: "It is not useful as a military weapon since serious problems were found in the engine design, performance, accuracy, target directional feature, and flight safety."

North Reportedly Contacts PRC About Farmland

SK2912105795 Seoul CHUNGANG ILBO in Korean 29 Dec 95 p 2

[FBIS Translated Text] On 29 December, a relevant government official stated that North Korea, which is suffering a food shortage, is pushing ahead with a lease contract with three PRC provinces, including Heilongjiang, for seven million pyong [one pyong is 3.954 square yards] of farm land. This official stated: "It was confirmed that beginning several months ago, North Korea contacted authorities in Heilongjiang, Jilin, and Liaoning Provinces and pushed for a contract to lease farm land." Concerning the content of the contract, he noted: "The size of the three or four farms which North Korea is trying to secure would total seven million pyong, seven times larger than Youido Islet. The contract states that the PRC will offer the land while North Korea will provide the labor, and that the distribution of the grain harvested would be three to seven." The official added: "Since North Korea failed to pay to the PRC all the contract money it promised earlier, it will take time to settle the contract."

KNRC Considers Joining IRC in Pyongyang

SK0501011996 Seoul YONHAP in English 0057 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP) — The Korea National Red Cross (KNRC) is discussing a plan with the government and the International Red Cross (IRC) which calls for its officials to join the IRC contingent in Pyongyang to facilitate relief assistance for North Korean flood victims, a KNRC official said Friday.

"The discussion with the IRC is underway because a prerequisite for South Korea taking a leading role in helping their North Korean brothers and sisters is public trust in judgments of need and assurances that relief goods will actually reach the flood victims," the official said.

"IRC is reacting in a favorable way and I think there is a good chance that it will be put into action," the source added.

The official explained that "because KNRC officials would join the IRC contingent in Pyongyang as IRC workers rather than KNRC workers, it would be difficult for North Korea to oppose the plan."

If this plan is implemented, it is expected that private flood relief to the North would be expedited. More specifically it might provide the necessary momentum to encourage corporate financial support of shipments of rice to the North.

A government official added that "if and when Red Cross relief workers are actively assisting flood victims and North Korea responds to such semi-official inter-Korean dialogues as Red Cross talks, there would undoubtedly be a positive change in the government's policy on assistance to North Korea."

DPRK's Decision To Attend Olympics Viewed

SK0401231796 Seoul MUNHWA ILBO in Korean 4 Jan 96 p 3

[Article by reporter Kim Sung-hyon titled "Political Background of the North Korean Decision to Participate in 1996 Olympic Games"]

[FBIS Translated Text] North Korea on 3 January was the last of the 197 International Olympic Committee [IOC] member states to announce that it will participate in the 1996 Atlanta Olympics, though it is uncertain whether North Korea will actually participate.

Anyway, the Atlanta Olympics are likely to be a "festival of mankind" in which all IOC member states will participate for the first time since the beginning of the cold war.

The major background of the North Korean decision to participate in the Atlanta Olympics will probably be North Korea's effort to overcome the severe economic difficulties resulting from the 1995 flooding. North Korea seems to be attempting to create an atmosphere conducive to international aid through a gesture of appeasement — participation in the Olympics.

North Korea seems to be trying to use its participation in the Olympics as a "gift" to President Clinton, who will be running for re-election in November. North Korea will want to overcome the economic crisis by relying on the United States, which has been exercising a powerful influence on the international arena since the fall of the Soviet Union.

North Korea has been implementing a closed-door policy in sports since 1994. Since the Barcelona Olympics in 1992, North Korea has reduced its activity in the international sports arena, and since 1994 it has closed the door completely.

Nearly all North Korean experts note that the major reason North Korea, which regards sports as a demonstration of state power, has been implementing a closed-door policy in sports is its shortage of foreign exchange.

North Korea must have decided to participate in the Atlanta Olympics because the closed-door sports policy, which it adopted to hide its internal self-contradictions, failed because of the expansion of its self-contradictions. Hence, North Korea had to choose openness in sports. Sooner or later, North Korea may have to do the same with its persistent policy of closing the country.

DPRK Envoy's Remarks on Kim Chong-il Viewed

SK0501141896 Seoul CHUNGANG ILBO in Korean 5 Jan 96 p 5

[By reporter Kim Yong-ho]

[FBIS Translated Text] During a news conference on 3 January, Chu Chang-chun, DPRK ambassador to the PRC, said: "Pay attention to North Korea's situation after the second memorial ceremony for Kim Il-song's death in July." This remark is attracting attention because it is related to Kim Chong-il's succession to power.

What is arousing more interest regarding his remark is the fact that in North Korean papers' New Year's joint editorial, Kim Chong- il was described a the "head of the party." The joint editorial also said: "This year is the third year since the death of Kim Il- song, and has important significance in the history of the revolutionary struggle."

Until now, North Korea has emphasized the fact that Kim Il-song highly assessed the Confucian ideology of filial piety, and described Kim Chong-il as a filial son. It seemed that North Korea wanted the world to know that the delay in Kim Chong-il's succession to power was because of his filial piety. However, since the void in the highest ranking position became protracted, rumors spread of a crisis in the North Korean system, and it seemed that the North Korean authorities determined that it would be difficult to allow such a situation to continue.

From this viewpoint, for North Korean diplomats to say "after three years" hints in a roundabout way that "regardless of the procedures for the succession to power, there is no change in Kim Chong-il's power and Kim Chong-il's succession to power will be completed after July." It seems that there are measures to prevent the spread of "anti-Kim Chong-il forces" within North Korea. Also, by presenting the scenario that Kim Chong-il will rise to power after a three-year mourning period for Kim Il-song according to schedule, foreign businesses that are avoiding investing in North Korea will feel more comfortable about doing so.

North Korea's political schedule in the future is still unclear, but we can assume that one of the following four scenarios will take place.

First is the prospect that after ending the three-year mourning period in July, Kim Chong-il will then become party general secretary and assume the presidency and complete the succession to power. Second is that Kim Chong-il will become party general secretary as early as 15 April, which is Kim Il-song's birthday, and then become state president around fall.

Third is the possibility that after assuming the position of party general secretary on July first, his inauguration as president may be put off for the time being. And fourth is the possibility that the succession to power itself may be postponed for several more years. The view that "it will be impossible for a succession to power anytime soon" is based on the assumption that North Korea's domestic situation will continue to be difficult.

'Doctors Without Borders' Withdraws From DPRK

SK0501124096 Seoul KBS-1 Radio Network in Korean 0800 GMT 5 Jan 96

[YONHAP report from Tokyo]

[FBIS Translated Text] Japan's KYODO News Agency reported on 5 January that members of Doctors Without Borders [Medecins Sans Frontieres], an international private relief organization, which has been providing aid following the flood damage in North Korea, this weekend will withdraw from North Korea for the time being.

A French doctor who is a member of Doctors Without Borders said that their period of service has ended, but if additional assistance is necessary this volunteer group will once again be dispatched next month.

Doctors Without Borders had dispatched 10 doctors to North Korea in early October to carry out activities for three months. They carried out such activities as distributing medical relief goods.

North Legislates New Overseas Civil Affairs Law

SK2912060695 Seoul SEOUL SINMUN in Korean 28 Dec 95 p 4

[From NAEWOE News Agency]

[FBIS Translated Text] According to a report of the organ of the General Association of Koreans Residing in Japan [Chongnyon] on 27 December, North Korea has recently legislated "the law on external civil affairs" governing civil cases overseas, including property relations between North Korean corporations and citizens overseas and corporations and citizens of other countries.

The organ reported that the newly legislated law, adopted on 6 September this year by the "Decision" Number 62 of the Standing Committee of the North Korean Supreme People's Assembly, stipulates the basic purpose of the law on external civil affairs, property affairs of North Korean citizens overseas, definition of those persons who are to apply to this law and their relatives, and ways to solve legal troubles.

The organ also reported that since Japan has not recognized North Korea, the principle of personal privilege for jurisdiction has not applied to family relations of Chongnyon-affiliated Koreans residing in Japan and, instead, ROK civil law or Japanese civil law has applied to them.

Saying that Chongnyon-affiliated Koreans' civil cases will be solved according to this law in the future, the organ stressed that "with the legislation of this law a firm basis has been provided in smoothly solving all civil affairs of overseas compatriots, including their property inheritance."

N-S Processing-on-Commission Trade Diversifies

SK2912145395 Seoul MAEIL KYONGJE SINMUN in Korean 18 Dec 95 p 2

[Report by Chong Po-chol]

[FBIS Translated Text] The inter-Korean processing-on-commission trade, which at one time was clothing-oriented, has now become diversified in various fields, such as the manufacturing of toys and electronic goods.

The National Unification Board [NUB] stated on 17 December that shoemakers and accessory manufacturers—such as the Kumgang Shoemaking Company, Taedong Chemicals, Hongjin Crown, Sheljuri, Taeho China, and Tosin Industries Company—are newly engaged in the processing-on-commission trade with North Korea. These companies bring in shoe and earring parts, toys, and other accessories processed on commission in North Korea. The LG and Samsung Groups, which have been engaged in the processing-on-commission trade with North Korea from the beginning, also bring in color televisions and television speakers processed on commission by North Korean workers.

NUB stated: "This year's inter-Korean processing-on-commission trade is characterized by the diversification of trade items into color televisions, television speakers, and accessories." NUB added: "In light of the quite different economic structures in South and North Korea, the main difference being represented in the wage gap, it is expected that the processing-on-commission trade will be further diversified, focusing on electric home appliances, such as televisions, and on electric automobile parts."

Official: Government Will Not Punish Usong Crew

SK3012070395 Seoul YONHAP in English 0649 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — The government will not punish the crew of Usong '86, who had been captured by North Korea in last May and were recently returned, for their act in North Korea, a senior official said Saturday.

He said that while in the North, they did some acts which can be considered as violation of the National Security Law but that the government cannot punish them for their acts because North Korea coerced them into doing the acts.

The government questioning into the crew will be finished soon and they will be allowed to meet with their family members soon, he added.

British Defense Secretary Arrives in Seoul 4 Jan

SK0501014896 Seoul THE KOREA TIMES in English 5 Jan 96 p 3

[FBIS Transcribed Text] British Defense Secretary Michael Portillo arrived in Seoul yesterday for a three-day unofficial visit aimed at strengthening bilateral military exchanges and logistical ties.

Portillo will meet his Korean counterpart Yi Yang-ho and pay a courtesy call to senior government officials, and visit Daewoo factories.

The Defense Ministry said that Portillo's visit is made possible as the result of two summit meetings between President Kim Yong-sam and British Prime Minister John Major last year.

A ministry official said that high on the agenda at the two ministers' meeting are sales of military materiel and issues on North Korea.

In the past five years, Korea imported 530 million dollars worth military hardware, while exporting a fraction of it or about 10 million dollars. Britain is also involved in some of Korea's military buildup projects.

During his visit, Portillo is also expected to drum up support on its position on Bosnia, a remnant of the disintegrated Yugoslavia that emerges as a military flashpoint in Europe.

Meets With Minister Yi Yang-ho

SK0501113196 Seoul KBS-1 Radio Network in Korean 1000 GMT 5 Jan 96

[FBIS Translated Text] Defense Minister Yi Yang-ho met with British Defense Secretary Michael Portillo who is on an unofficial visit to the ROK, and held discussions on ways to enhance military cooperation between the two countries.

Regarding security issues surrounding the Korean peninsula such as North Korea's recent situation, the ministers of the two countries agreed to strengthen mutual assistance system against the North. In particular, British Defense Secretary Michael Portillo revealed that Britain will keep in common step with the ROK side in working-level contacts between Britain and North Korea.

Discusses DPRK Military Activity

SK0501114996 Seoul YONHAP in English 1126 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — South Korea has the right to expect dialogue with the North and needs to maintain its preparedness amid the recent increase in military activity by Pyongyang, British Secretary of State for Defense Michael Portillo said Friday.

"Certainly we've seen signs of increased preparations in North Korea, which are causes for concern, and they mean that the preparations that the Republic (of Korea) has sustained for many years must be maintained," he said in a press conference at the British Embassy in Seoul.

Earlier in the day, the top-ranking London defense official met his South Korean counterpart Yi Yang-ho and Chairman of the Joint Chiefs of Staff Kim Kwang-il. Yi asked Portillo for the smooth delivery of spare parts of Hawk trainers and anti-submarine choppers which London had supplied to Seoul.

The British official said mutual benefits have characterized Seoul-London relations, which he called excellent. He added that during his meeting with Yi, he said cooperation should be stressed between the defense concerns of both nations as part of a long-term relationship.

Technology transfers, offsets, and local contents should be emphasized in any defense contracts between the two parties, he noted.

Portillo confirmed that his government has donated one million British pounds (1.6 million U.S. dollars) to the Korean Peninsula Energy Development Organization (KEDO) for the supply of light-water reactors to North Korea.

He also said his government supports the proposal that the European Union should also contribute to the KEDO project.

London, he pointed out, supported Seoul's entry as a non- permanent member of the United Nations Security Council (UNSC).

"We value the way in which Korea acknowledges her international obligations and has participated in peacekeeping operations in Somalia, Angola and the Western Sahara," the British defense minister added.

Import Restrictions on 25 Items From Japan End

SK3012011095 Seoul THE KOREA HERALD in English 30 Dec 95 p 8

[FBIS Transcribed Text] Beginning Jan. 1, next year, the government will lift its restrictions on imports from Japan for 25 products, including diesel-engine sedans, large station wagons, portable computers and bulk carriers. The Ministry of Trade, Industry and Energy (MOTIE) said yesterday that it will reduce the number of items whose imports from Japan are barred from the present 187 to 162 starting the same date. The action followed the ministry's announcement in July 1993 to halve the number of items whose imports from Japan are banned in order to protect local industries and reduce Korea's wide trade deficit with Japan by 1998. Among the items whose imports from Japan will be liberalized next year are sedans with a diesel-engine capacity ranging from 1,500cc to 2,500cc, station wagons with a gasoline-engine capacity of more than 3,000cc, bulk carriers, plastic boxes, vacuum pumps, air compressors, portable computers and cellular phones for cars.

Lifting import restrictions on the 25 items is expected to have little impact on the domestic industry as local producers have already bolstered their competitiveness and the domestic market volume of the items is very small, a MOTIE spokesman said. For instance, the imports of Japanese sedans will be freely allowed next year, but the import volume is unlikely to be great as customers usually prefer gasoline-engine sedans to the diesel-engine ones, which emit greater noise, he said.

At the same time, the government has been placing emphasis on export-promoting measures rather than on restrictions to rein in imports from Japan as part of its efforts to reduce Korea's trade deficit with its neighbor, the spokesman said. The import regulation has also remained an obstacle to free competition and has caused a delay in restructuring the domestic industry, he noted.

Visiting Israeli General Meets Military Leaders

SK0501011596 Seoul THE KOREA TIMES in English 5 Jan 96 p 3

[FBIS Transcribed Text] Maj. Gen. Eytan Ben-Eliyahu, deputy chief assistant of the general staff of the Israeli armed forces, has been visiting Korea to discuss military matters of mutual concern with senior Korean military leaders, the Defense Ministry said yesterday.

The Israeli general is the highest ranking military officer to ever visit Korea. He will leave Korea on Sunday.

The general paid a series of courtesy calls on the ministry's senior officers and discussed ongoing peace negotiations with Arab countries and inter-Korean relations.

Seoul Starts UNSC Member Two-Year Term

SK0501041896 Seoul THE KOREA TIMES in English 5 Jan 96 p 1

[Report by staff reporter Son Key-yong]

[FBIS Transcribed Text] Korea has started its two-year term as a member of the United Nations Security

Council [UNSC], culminating its diplomatic efforts to raise a voice on the international stage.

Seoul's Ambassador to the United Nations, Pak Su-kil, kicked off his activities in the Security Council Tuesday by entering an informal consultation with British Ambassador John Weston, who chairs the council, to set the timetable for agenda items to be discussed in the council.

Amb. Weston requested Amb. Park to chair the Somalia Sanctions Committee, and Park accepted the chairmanship of the committee in charge of monitoring effective implementation of sanctions imposed on the war-torn African country.

"The committee is expected to monitor which countries have violated the U.N. guideline by exporting items under control," a ministry official said.

Besides the Somalia committee, there are six other sanctions committees monitoring such countries as Iraq, ex-Yugoslavia, Libya, Angola, Rwanda and Liberia. Korea also plays the role of vice chairman in the ex-Yugoslavia and Libya committees.

Asian countries like Japan and Oman have traditionally chaired the Somalia sanctions committee since it was established in January 1992.

On Wednesday, Seoul took part in an informal consultation in which all 15 member countries participated Wednesday to set agenda for January.

"During the Cold War period, the formal council meetings were a clashpoint of verbal battle between the two blocs, failing to work out any tangible results. During those times, the countries were convinced that the resolutions initiated by one bloc would be vetoed by the other," he said.

However, the Security Council has undergone considerable transformation with the end of the Cold War.

"Now, the member states narrow their differences in behind-the- scene informal meetings, while formal sessions are devoted to deciding actions," he said.

While the Cold War-era security council meetings attracted many observers due to the "interesting verbal battles between the two blocs," today's formal council meetings are designed to decide actions, including U.N. resolutions, on the basis of a consensus reached already in informal meetings."

However, the trend faces complaints by non-member countries who want to see an increase in the number of open and formal meetings.

As a symbolic measure, the council's chairman decided to directly discuss issues related to Liberia in a formal council meeting without a prior behind-the-scene consultation.

Korea, as an insider of the council, is in a position to closely monitor and participate in the council's decision-making processes, which will eventually help meet Korea's national interests.

Particularly, Korea is expected to play a key role when security issues in East Asia are forwarded on the council's negotiating table.

Editorial Views Dow Jones Poll on Trade Image

SK2812232095 Seoul CHUNGANG ILBO in Korean 28 Dec 95 p 4

[Editorial: "Is the ROK Afraid of Trade Pressure?"]

[FBIS Translated Text] According to a poll conducted by Dow Jones, the world's leading company in assessing the stock price index, on the trade negotiation image of various countries, the ROK is categorized as a country that will easily yield to U.S. trade pressure when threatened with the filing of a complaint with the World Trade Organization (WTO). The poll was conducted among international attorneys specializing in trade. To these attorneys, the ROK appeared easy.

The number of targets of trade pressure by the United States and other advanced countries is snowballing, and the negotiation schedule is drawing closer. As of 10 December, U.S. companies have filed 13 complaints with the U.S. Trade Representative (USTR), claiming the ROK's trade regulations and norms are unfair. The USTR has to submit a report to the U.S. Congress by March 1996; after that, trade negotiations with the ROK will become active.

The Dow Jones poll lists the United States as an impatient and high-handed country. Japan's image was upright; Europe was unflinching; and India, Brazil, and the third world were practical. Only the ROK's image was easy, which is not desirable. What is the reason? Is it because of self-consciousness as regards the ROK market's traditional protectionism? Is it because Koreans are shy when they meet foreigners? Or is it because Koreans give the answers they like though they do not understand English?

In addition to such superficial reasons, which deteriorate the quality of our negotiations, is there any internal and structural problem? A few examples are the excessive concessions on the expiration date for frozen food and the discord between government departments that created the rumor about the leak of information at the car market negotiations. If this is not a result of the wire-tapping efforts of U.S. intelligence agencies, it certainly is a result of our internal confusion and the competition among departments seeking the initiative.

An organization, whether permanent or temporary, should be established to effectively integrate the negotiation capabilities of each department. The ROK should show courage and not be afraid of the WTO reference, and should utilize the dispute settlement process. We should not forget that the current trade deficit is the highest in history.

BOK: 1st Trade Surplus of 1995 Occurred in Nov

SK2912080395 Seoul YONHAP in English
0738 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — November trade was in the black for the first time this year, making the month's current account deficit stand at 53 million U.S. dollar, the lowest of 1995, the Bank of Korea [BOK] said Friday.

It is expected, therefore, that the yearly current account deficit will be less than the originally projected 8.8 billion dollars. The bank's new estimate is that the shortfall will be about 8 billion dollars.

South Korean exports reached 11.3 billion dollars in November, up 27.9 percent from 1994, while imports were up 25 percent to 11.11 billion dollars for a trade surplus of 190 million dollars.

However, the invisible trade balance and unrequited transfers went into red with 208 million dollars and 37 million dollars, respectively.

The current account deficit reached 8.24 billion dollars in the first 11 months of 1995, up 82.3 percent from the 4.52 billion dollars during the same period last year.

Considering the current account is usually in the black in December, the bank expects that the yearly deficit of the current account will be 8 billion dollars.

Although light and heavy industry exports increased less-than-expected in November, 10.3 percent and 31.3 percent, respectively compared to last year, the export of semiconductors and machinery jumped 78.1 percent and 36.4 percent, respectively.

Capital goods imports were up 18.4 percent over last November — the smallest increase of the year, while the import of raw materials and food and consumer goods grew more slowly than last year as well, 29.4 percent and 21.4 percent, respectively.

Kim Yong-sam Leaves for Chongnamdae for Vacation

SK2912073295 Seoul YONHAP in English
0703 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — Having wrapped up his official duties at Chongwadae [presidential offices] for this year, President Kim Yong-sam left Seoul Friday afternoon for Chongnamdae, the presidential resort in the central part of the nation, to spend the New Year's holidays there.

Scheduled to stay there until Jan. 2, the president is expected to map out plans for his administration for the coming year as well as to look back on what his government accomplished in the passing year.

His wife, first lady Son Myong-sun, and the families of his son Hyon-chol and youngest daughter accompanied him to the resort.

Lawmakers' Departures From Parties Increase

SK2812082895 Seoul THE KOREA TIMES in English
28 Dec 95 p 2

[From the "Press Pocket" column: "Domino Effect"]

[FBIS Transcribed Text] Rep. Choe Hyong-u of the ruling New Korea Party [NKP], President Kim Yong-sam's righthand man, recently assailed lawmakers bolting the NKP, mostly elected from the T-K (Taegu-Kyongsangpuk-to) region, likening them to "rats escaping a sinking vessel."

The phenomenon also occurred in the minor opposition Democratic Party [DP].

On the footstep of Rep. Yi Kang-tu of Kyongju, Kyongsangpuk-to, who bolted the DP last November, Paek Sung-hong, chairman of the DP's Taegu-So district chapter, declared Tuesday that he was leaving the party to run in the April National Assembly elections as an independent.

Both Yi and Paek are trusted deputies of DP standing advisor Yi Ki-taek, who had poured every party resource into Yi's campaign in the 1993 by-election, and actively supported Paek in his unsuccessful bid for a National Assembly seat in the last by-election in the Taegu-So district. Paek also holds chairmanship of the DP's Taegu municipal chapter.

Among other DP standardbearers in the T-K region considering bolting the DP is Rep. Sin Chin-uk, a lawmaker elected from the national constituency now preparing to run in the Taegu-Nam district.

Sin cited the general antipathy against all four political parties as the reason for the increase in lawmakers' departures from the parties.

NCNP Denies Kim Tae-chung To Run in Elections

SK2912042895 Seoul YONHAP in English
0136 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — The major opposition National Congress for New Politics (NCNP) denied Friday the speculation that the party is studying a plan to adopt a parliamentary cabinet system of government to replace the current presidential system.

NCNP spokesman Pak Chi-won dismissed the rumors that party head Kim Tae-chung may run in the upcoming general elections in April on the proportional representation ticket in preparation for a possible switch to the parliamentary cabinet system of government thereafter.

"NCNP President Kim Tae-chung has not considered becoming a National Assemblyman on the national representation ticket," the spokesman said.

Seoul Mayor Leaves Opposition Democratic Party

SK3012032595 Seoul YONHAP in English
0244 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Seoul Mayor Cho Sun said Saturday he is leaving the opposition Democratic Party (DP) so that he can concentrate on his mayoral duties in the forthcoming year.

While making his declaration at a year-end press briefing in his City Hall office, Cho also said he will not join any other political party during his term, including the main opposition National Congress for New Politics (NCNP).

He ran for mayor on the DP ticket and was elected June 27 of this year in local elections. His political affiliation was obscured, however, when a majority of DP National Assembly members defected to the NCNP, which was formed in late August under the leadership of Kim Tae-chung.

Cho added that he will soon meet with Kim, who recommended him as a mayoral candidate.

Lawmaker's Revelation of Money From NKP Noted

SK0501064596 Seoul THE KOREA TIMES in English
5 Jan 96 p 2

[Article by Political Editor Chong Un-pong]

[FBIS Transcribed Text] The ruling New Korea Party [NKP] led by President Kim Yong-sam was given a stinging slap right in the face at the onset of the New Year.

On Jan. 3, Rep. Won Kwang-ho asked what has become of clean politics, which President Kim has been so ferociously pursuing, by revealing that he received an envelope containing five million won ($6,500) from the party.

Declaring that he was leaving the party, the first-term lawmaker produced copies of five checks, each for one million won, as evidence. According to him, he received the money at a year-end party caucus on Dec. 20.

Besides this, he admitted to having received such largess ranging from two to five million won in the past on such auspicious occasions as New Year's Day and Chusok (full moon day on Aug. 15 by lunar calendar) festival.

He said he had no idea where the money came from. Therefore, he could not readily dismiss a lingering question of how such dubious doleouts could have been made possible today considering President Kim's strong pledge that he would not receive even a penny from any businessmen while in office.

His revelation gave rise to a suspicion that the ruling NKP has not yet taken painful steps to overhaul itself for clean politics. This is somewhat far from what people have expected from President Kim in connection with his revolutionary action of putting former presidents No Tae-u and Chon Tu-hwan behind bars on charges of ill-gotten wealth in addition to mutiny and sedition.

The ruling NKP lost no time in denouncing Rep. Won.

His action is nothing less than backstabbing, incited when he realized he had little chance of obtaining a party nomination for the April 11 Assembly elections, the NKP said.

Rep. Won was elected in the Wonju district on the ticket of the party inaugurated by Hyundai founder Chong Chu-yong. But Rep. Won joined the ruling Democratic Liberal Party, which was recently renamed the New Korea Party, when his party was dissolved after Chong lost to President Kim in the 1992 presidential election.

Legally and morally, the NKP said there is nothing wrong with the money given.

NKP vice spokesman Lee Shin-bum said the money was out of a subsidy the government provided to political parties.

Other lawmakers expressed strong displeasure with the way Rep. Won behaved. If he felt uneasy about receiving the money, he should have refused the money then and there. After keeping silent for two weeks, he went public as if he had uncovered something serious.

In fact, it is not the ruling NKP alone that is provided with government subsidies, which are lawfully parcelled out to all political parties according to their floor strengths.

Notwithstanding, there still remains a bitter taste in the mouth of the general public. How laughable it is to imagine lawmakers standing in line to receive the money. No doubt, it is not clean politics which President Kim is now pushing to achieve.'

In advanced Europe nations where parliamentary politics have long been established, such practice is unheard of. Under whatever excuses, it is "unparliamentary" for lawmakers to receive money. Let's get back to basics. Lawmakers are not elected to wield power, much less to lavish money. They should always think of the pledges they made when wooing votes. If they cannot be faithful to their duty as lawmakers because of a lack of money, they should show a courage and give up their seats.

There are many political aspirants who can humbly perform the noble duty without money. At the same time, there are a lot of people who can afford the expense without relying on "customary" largess.

They are paid about 4 million ($5,200) won a month, including allowances to back up their work as lawmakers. The amount cannot be said to be sufficient, but it is by no means small in comparison to other foreign nations.

Lawmakers, ruling and opposition parties alike, should wake up to a new reality of the time. They should know why they are given miserably low public trust. They are simply passed off as brazen- faced power mongers and wealth guzzlers.

Under President Kim's drive to set national history upright, Chon and No were indicted. But most politicians who prospered on their laps did not show the courage to leave politics and make room for new generations.

They are hanging tough, scrambling to do whatever to stay.

Passing out envelopes containing money to lawmakers and holding on to the coattail of power, ignoring the historical call of time, are both a good stuff causing the general public to frown.

Poll: Regionalism To Sway Assembly Elections

SK2812094095 Seoul THE KOREA TIMES in English 28 Dec 95 p 2

[From the "Press Pocket" column: "Regionalism"]

[FBIS Transcribed Text] Voting will be swayed by deep-seated regionalism in the National Assembly election slated for April 11, a survey said yesterday.

When asked if a regionalism-swayed voting pattern will persist in the next general elections, 78.8 percent of respondents said they thought so, while only 19.1 percent said no.

According to a survey of 494 intellectuals conducted by KBS, 34 percent of pollees forecast that the voting pattern will be much more conspicuous than in the 1992 general elections, while 44.8 percent said it will be almost the same as the previous elections.

The state-invested broadcasting system recently polled 494 lawmakers, university professors, staff reporters, editorial writers, senior officials of civic organizations and leading businessmen who were randomly selected.

A majority (52.3 percent) of the surveyees view that there will be a major political realignment before the April general elections.

As for economic matters, 32.9 percent of respondents cited the salvage of hard-pressed small industries as the most urgent task that should be tackled, while 29.7 percent called for the early settlement of a mandatory real-name system in financial and real estate transactions.

Parties Begin Negotiation To Amend Election Law

SK2812040295 Seoul YONHAP in English 0238 GMT 28 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 28 (YONHAP) — The ruling and opposition parties started negotiations Thursday on amending the election law, which was ruled unconstitutional by the Constitutional Court Wednesday on grounds that the population gaps between electoral districts provided for by the law are too wide.

The floor leaders of the four parties — New Korea [Party] (NKP), National Congress for New Politics (NCNP), Democratic [Party] (DP) and United Liberal Democrats (ULD) — met in the National Assembly for the negotiations.

The ruling NKP plans to rezone electoral districts in a manner that the widest population gap between electorates will be narrowed from the current 5.87-to-1 ratio to either a 3-to-1 or 4-to-1 ratio, informed sources said.

This would mean a decrease in the number of district-elected assemblymen and an increase in the number of proportional representation-elected assemblymen.

The opposition NCNP and ULD are also considering narrowing the population gap to a 4-to-1 ratio, while the other opposition DP plans either to narrow the gap to a 2-to-1 ratio or to replace the present single-seat electorate system with a multi-seat electorate system.

It is likely, however, that the four parties will agree to a 4-to-1 ratio in population gaps between electoral districts, with the upper limit of district population remaining at the present 300,000 but increasing the lower limit from the current 70,000 to 75,000, the sources said.

Trade Unions Council Plans To Field Candidates

SK3012012595 Seoul THE KOREA TIMES in English 30 Dec 95 p 3

[FBIS Transcribed Text] Minju Nochong, or the Korean Council of Trade Unions [KCTU], has decided to field candidates in the 15th National Assembly elections slated for next April, in direct defiance of the clauses prohibiting labor union's political activity in the laws that concern elections and labor affairs.

The new labor alliance is also planning to support "pro-union" candidates, jointly with progressive civic groups, in the April elections.

The unauthorized labor federation inaugurated last month declared its political engagement in its founding statement and was thus denied any legal status by the government.

The KCTU's threatening that it is prepared to risk violation of the law is designed to push for abolition of the "evil" laws restricting rightful union activities, said Yi Yong-pom, spokesman for the KCTU.

KCTU is now planning to field four to five candidates in Ulsan, Koje, Taedok and Seoul, the constituencies where unionized workers account for a majority of voters, Yi said.

Under the existing laws, so-called "workers' candidates" would have their election nullified, in case the unions were confirmed to have engaged in any kind of electioneering for them.

The nascent labor organization with a manifest anti-government streak has been subject to crackdown by the authorities with its inaugural leader Kwon Yong-kil being placed under arrest.

Parties Speed Up Elections Campaign Preparations

SK3112032195 Seoul THE KOREA HERALD in English 1 Jan 96 p 2

[By staff reporter Nam In-su]

[FBIS Transcribed Text] With the dawn of the New Year, ruling and opposition parties are speeding up their campaign preparations for the upcoming general elections.

The ruling New Korea Party (NKP), which changed its name from the previous Democratic Liberal Party to project a new image to voters, plans to complete its candidate nominations by Jan. 20.

It also plans to hold a national convention Jan. 26 to close the ranks, endorse the change of the party name, and make some changes to the platform and to policies to better reflect voter expectations.

After conducting an in-house inspection, the ruling party has been pushing for the reshaping of its local chapters, which includes the replacement of their heads.

The party appears to feel that its local organizations have become weakened since it suffered a setback in the local elections of the previous year.

To help its campaign activities, the ruling party is planning to add dozens of supporter groups to the established 50 or so.

The campaign will be targeting voters of the conservative middle class. "The governing party has always been backed by that class," party Chairman Kim Yun-hwan said.

But party leaders seem concerned about a crack in party harmony as some of the lawmakers threaten to bolt from the party to run as opposition or independent candidates.

The disgruntled lawmakers, who belong to President Kim Yong-sam's rival faction, are angry with the way he pushes for his reforms.

A number of senior lawmakers have also offered not to run in the parliamentary elections. They say they are giving up their reelection to make way for juniors. But analysts say that branded as old-guard politicians, they were pressured to give up their positions for new blood.

To increase its chances of winning the elections, the ruling party is trying to put fresh and reform-minded candidates in the elections in Seoul, a prime battlefield. "We believe that to win or to lose the elections depends on how many seats we get in Seoul," party Secretary-General Kang Sam-chae said.

Seoul is also important to the main opposition National Congress for New Politics (NCNP), which, in the elections, aims to capture more than 100 parliamentary seats out of the 260 popularly elected posts. The election outcome may determine the fate of party leader Kim Tae-chung, who is considering his forth bid for the presidency next year.

While inviting new and socially influential figures into the party, the NCNP plans to carry out a sweeping replacement of its local chapter heads, who are automatically assured of a party ticket. The replacements, a party official said, will particularly affect those in Seoul and the party's stronghold, the Cholla provinces.

The main opposition party targets young voters in their 20s or 30s, who account for some 60 percent of the electorate. "We will strengthen youth, women and other party organizations to enlist votes from the young voters," Rep. Cho Sun-hyong, the party secretary-general, said.

The minor opposition Democratic Party, which merged with a group of reformists in early December, aims to win at least 70 parliamentary seats in the elections. Realizing clean politics is a major campaign slogan of the party, which labels its rival party leaders as remnants of "old-fashioned and corrupt" Korean politics.

Party Secretary-General Che Chong-ku said, "We will choose party candidates based on individual's qualifications rather than their affiliation to factions. We won't let factional interests cut into the nomination process."

The conservative opposition United Liberal Democrats is setting its goal at about 100 National Assembly seats. The opposition party also plans to invite those disgruntled lawmakers who are expected to bolt from the ruling party into its candidate pool.

Meanwhile, serious contenders from the ruling and opposition parties are now jittery over how the electoral map will be redrawn for the April elections.

Ruling and opposition negotiators are to rezone the districts to narrow a wide gap in voter representation, which will be applied for the April elections.

Local chapter heads in the disappearing electoral districts will have to battle against their counterparts in neighboring districts to get the party ticket allotted according to zone.

Negotiations on Law Rezoning Districts Continue

SK0501104096 Seoul YONHAP in English
0744 GMT 5 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 5 (YONHAP) — The on-going government-opposition election law revision negotiations for redrawing parliamentary electoral districts are expected to result in a 4-to-1 population ratio for the new districts, with a maximum population of 300,000 and a minimum of 75,000, under the Constitutional Court's ruling late last year against the existing districts whose population gap is as wide as a 5.8-to-1 ratio.

The floor leaders of the four political parties met Friday to resolve their differences about how to rezone the districts.

The ruling New Korea Party (NKP) has decided that dividing the largest district, Haeundae-Kijang in Pusan with a population of 375,000, is legally impractical and offered a 3-to-1 ratio with a maximum population of 300,000 and a minimum of 100,000.

In this scenario, as many as 30 districts with a population of less than 100,000 would have to be merged into larger districts. They include 11 in Cholla Provinces where the main opposition National Congress for New Politics (NCNP) is traditionally strong, and five in the Pusan-south Kyongsang area, the NKP's stronghold.

The NCNP is strongly opposed to the NKP plan and calls for a 4- to-1 ratio with a maximum population of 280,000 and a minimum of 70,000. This would result in splitting 16 districts with a population of more than 280,000 and eliminating eight districts with a population of less than 70,000.

The minor opposition Democratic Party (DP) and United Liberal Democrats (ULD) are also against the NCNP plan, saying it runs counter to the accepted principle of reducing the number of district-elected seats in parliament and increasing the number of proportional representation seats.

Under the circumstances, the four parties appear to be leaning toward a 4-to-1 ratio with a maximum population of 300,000 and a minimum of 75,000, considering it to be the most "realistic alternative" specially since the Constitutional Court has ruled that the population differences between the redrawn districts not exceed a 4-to-1 ratio.

Both the DP and the ULD urged a 4-to-1 ratio, with the DP proposing a maximum population of 309,000 and a minimum of 77,000 while the ULD proposed a 300,000-75,000 ratio, during working-level talks earlier in the week.

This 4-to-1 plan would result in eliminating 16 small districts and dividing six large districts, and the NKP has considered it favorably at least once.

To create new smaller districts by dividing larger ones, the provision of the current election law prohibiting such redistricting must first be revised, and a ranking NKP official has recently hinted at such revision.

It seems likely that the four parties will ultimately agree on a 4-to-1 plan at the eleventh hour of their negotiations.

Chon Receives Medical Treatment 'in Earnest'

SK2912042995 Seoul YONHAP in English 0239 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — Due to his deteriorating health from a 27-day-long fast, jailed former President Chon Tu-hwan began to receive medical treatment in earnest Friday morning at the National Police Hospital in southern Seoul.

An oxygen mask was attached to his nose at 8:40 AM Friday to alleviate breathing difficulties that he was experiencing.

Chon started to fast Dec. 3 when he was detained in Anyang prison in the southern suburbs of Seoul, but drank milk during the first few days. He began to take spring water enriched with nutrients Monday.

"With his health worsening abruptly, Chon is nearing a comatose state, being unable to talk and get up in the bed. We'll give him the injection of Ringer's solution this afternoon. He'll be fed with thin rice gruel in two to three days," Dr. Yi Kwon-chon said.

Chon complained of serious stomach pains Thursday afternoon and has since taken medication for them. In addition, the quantity of unboiled rice water supplied to him, which evidently caused such pains, has been reduced, according to the doctor.

Meanwhile, prosecutor Hong Man-pyo, a member of the special investigation team on the 1979 military coup and the 1980 Kwangju massacre, reportedly visited the National Police Hospital Thursday afternoon to discuss Chon's health condition and his medical treatment with hospital authorities.

Ex-President Chon Cited on Reasons To End Fast

SK3012053095 Seoul YONHAP in English 0506 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Former President Chon Tu-hwan announced Saturday that he decided to stop fasting because of cordial advice of his family and doctors.

Lawyer Yi Yang-u, legal adviser to Chon, announced the statement that Chon's health deteriorated to the extreme due to the 28 days of fast and that he decided to stop fasting.

The statement said that with the fast, Chon expressed his decisive will to defend to the end legitimacy of the Fifth Republic where he was president.

Yi Su-chong Questioned on Media Closure Measure

SK0501044596 Seoul THE KOREA HERALD in English 5 Jan 96 p 3

[Report by staff reporter Yi Song-yul]

[FBIS Transcribed Text] Prosecutors, seeking evidence of treason by jailed ex-President Chon Tu-hwan in 1980 when he was an Army general, yesterday called in three people for questioning on the merger and closure of news media by Chon's government.

One of the summoned was Yi Su-chong, who was then a ranking official at the Ministry of Culture and Information. Prosecutors questioned him on the background of the extraordinary measures to close 44 dailies, television and radio stations and 170 magazines in November 1980.

Yi was also questioned on the lay-off of hundreds of journalists in July that year under what late became known as the "K-operation" by the Defense Security Command Gen. Chon headed.

Yi later served as a presidential secretary for Chon and as minister of culture under the government of Chon's successor, No Tae-u.

Chon, who was looming large as military strongman after succeeding in a military revolt in December 1979, was named President Aug. 27, 1980 by an electoral college.

Prosecutors view a series of incidents from the military revolt to Chon's ascendance to the presidency as a process of a well-planned, phased coup d'etat. Chon was belatedly indicted Dec. 3 for having masterminded the military insurrection 16 years ago, and prosecutors are collecting evidence to add treason and graft to Chon's charges.

In Kwangju, prosecutors from Seoul continued an on-the-spot investigation of the Army's bloody suppression of the 1980 Kwangju civil uprising, calling in 15 victims to hear their testimonies on the detailed situation of the clashes between the martial law troops and civilian protesters.

Some of the witnesses said martial law troops even shot innocent farmers and citizens irrelevant to the uprising killing about 10 of them in the southern outskirts of Kwangju May 21-24.

The 10-day civil uprising that broke out May 18, 1980, left about 200 killed and more than 1,000 injured by official counts. The uprising was touched off by the martial law troops' arrest of prominent politicians, including Kim Tae-chung whose political home was Kwangju, beginning May 17 that year.

Prosecutors are seeking evidence backing the allegation that Lt. Gen. Chon was behind the brutal quelling of the civil uprising.

In another investigation of Chon's slush fund, prosecutors Wednesday called in retired actress Kim Chi-mi, owner of the Chimi Film, for questioning on why 8 million won (roughly $10,000) from Chon's secret bank account had been transferred to a bank account of her film company.

Kim, formerly a first-class actress, was quoted as saying that she or her film company had nothing to do with Chon or his cronies.

Prosecutors have said they suspected that Chon had amassed at least 300 billion won (roughly $380 million) in slush fund from business tycoons and others during his presidential term 1980-1988, adding that they have found evidence covering more than 100 billion won of Chon's political black money.

Chon is suspected of having stashed away hundreds of billions of won left over from his slush fund into real estate and secret bank accounts.

Ex-Premier Nam Tok-u Called for Questioning

SK2812055495 Seoul YONHAP in English
0501 GMT 28 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 28 (YONHAP) — Nam Tok-u, the prime minister during 1980-82, was questioned Wednesday morning about his role in the events leading up to the Kwangju massacre in May 1980.

Nam, a member of the Special Committee for National Security Measures (SCNSM) prior to becoming premier, was reportedly interrogated about SCNSM's departure from its original purpose of advising the president to become a "revolutionary council."

Investigators will interrogate An Yong-hwa, an SCNSM steering committee member, Wednesday evening.

SCNSM declared four goals in June 1980: Beefing up national security, supporting rational economic policies, preparation for political development and establishing national discipline.

Prosecutors plan to question An about how SCNSM became a de facto cabinet.

On Tuesday prosecutors summoned Paek Nam-hui, former operations officer of the Army's combat training command: Chong Sok-hwan, South Cholla provincial bureau director of the Central Information Agency (predecessor of the Agency for National Security Planning), and O Kyong-nak, deputy SCNSM secretary general. These former officials were deeply involved in the military crackdown on the civilian uprising in Kwangju.

Chong was reportedly interrogated about the chain of command through which information on the uprising and crackdown passed to both CIA headquarters in Seoul and military commanders in charge of the troops enforcing martial law.

Witnesses to Kwangju 'Massacre' Questioned

SK2912042195 Seoul YONHAP in English
0222 GMT 29 Dec 95

[FBIS Transcribed Text] Kwangju, Dec. 29 (YONHAP) — As part of their on-site investigations into the brutal suppression of demonstrators here in 1980, prosecutors called in Friday six witnesses to the massacre to obtain their testimonies on the atrocious scenes they saw.

One of them, Kim Sun-hui, 35, served as assistant nurse during the incident. She rushed to Chunam village where a bus with tens of passengers aboard was fired on by martial law troops on the afternoon of May 27, 1980.

She told a prosecutor that she thought that the number of passengers killed in the bus was far more than the 11 that the prosecution had announced.

Two passengers who had survived the bus attack were shot to death not on a hill behind the village, but on a hill behind a nearby Army unit, Kim explained. She added that she heard villagers say two high-school students were shot to death on the hill behind the village.

The other witnesses reportedly saw scenes of the massacre in Songam-Tong and Kwangju prison, in addition to those in Chunam village.

Defense Ministry Decides To 'Rewrite' History

SK3012111995 Seoul TONG-A ILBO in Korean
30 Dec 95 p 2

[FBIS Translated Text] On 29 December the Ministry of National Defense decided to rewrite the history of the Army, carrying out work to reappraise the 12 December military coup and the 18 May Kwangju democracy movement because it has concluded that the present military records on the activity of the new military leadership during the 12 December and 18 May Kwangju incidents distort the facts.

Such a decision by the Ministry of National Defense attracts people's attention because the Army itself has for the first time begun work to objectively record the truth about the 12 December and 18 May incidents. This differs from the government's work to right the wrongs of history, as well as the prosecution's legal procedures against the incidents.

Accordingly, relevant sections of the Ministry of National Defense have recently begun collecting materials regarding the incidents and plan to publish a book in the form of a white paper before the end of next year by newly describing the activity of the army during the 12 December and 18 May incidents from an objective viewpoint.

When the book of military records has reappraised this part of history, the Ministry of National Defense will use it as a textbook for officers and soldiers for their moral education.

Premier Visits Burial Site of Kwangju Victims

SK3012060395 Seoul YONHAP in English
0549 GMT 30 Dec 95

[FBIS Transcribed Text] Kwangju, South Korea, Dec. 30 (YONHAP) — Prime Minister Yi Su-song visited May 18 Cemetery here where victims of military crackdown in 1980 are buried, and appeased their souls.

Yi, the first cabinet member to visit the cemetery in Mangwol-tong, was accompanied only by his chief Secretary Song Tae-ho. Kwangju Mayor Song Unchong guided him from the Kwangju Airport to the cemetery.

Yi burned incense and laid wreath at the cemetery.

He said, "This is the second time. I also came here in 1986 to console the victims. I want to appease their souls from the bottom of my heart."

4 Ex-Battalion Commanders Questioned on Kwangju

SK3012033895 Seoul YONHAP in English
0303 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Prosecutors questioned Saturday ex-president petition-information aide Yi Won- hong and four former airborne battalion commanders on their alleged roles in the 1980 brutal crackdown on the civil uprising in Kwangju.

Yi was reportedly grilled on whether the new military elite coerced then President Choe Kyu-ha into initiating a series of events, beginning with the nationwide expansion of the martial law on May 17, 1980 and ending with Choe's resignation that August.

He was also interrogated on the actual nature of the Special Committee for National Security Measures, which acted as a legislative body after the National Assembly had been forcibly dissolved by the military elite.

The four ex-battalion commanders questioned were An Pu-ung, 61st battalion, 11th airborne brigade: Yi Chewon, 62nd Battalion of the same brigade: Pyon Kil-nam, 13th Battalion of the 3rd Airborne Brigade: and Pak Chong-kyu, 15th Battalion of the same brigade.

Prosecutors grilled them on the circumstances leading up to the deployment of the 3rd Airborne Brigade in Kwangju on May 20, 1980, the request for ammunition that the battalion commanders made to 3rd Airborne Brigade Commander Choe Sae-chang and its granting on May 20, 1980.

The prosecutors also reportedly questioned the four on atrocities allegedly committed by their troops. In one such instance, an eight-month pregnant woman, Choe Chi-ae, was shot dead in front of Chonnam National University on May 21, 1980. In another incident, An Tuhwan and others were hauled away to Kwangju prison, only to be found dead there later.

In a related move, Senior Prosecutor Kim Sang-hui conducted Saturday afternoon a fourth inquiry of jailed former President No Tae-u at Seoul detention house on the role he played in the massacre.

Revised Rules on Defense Procurement Viewed

SK2812095195 Seoul THE KOREA TIMES in English
28 Dec 95 p 3

[FBIS Transcribed Text] Beginning next year, the defense industry will be able to do its own research and development of weapons systems.

Under the revised rules on defense procurement, a ban on independent R & D by private defense contractors will be lifted so as to introduce competition into the process. Thus far, the Agency for Defense Development [ADD] has monopolized that role. The ADD will be given a supervisory role over private R & D.

In addition, the current R & D process, composed of five steps, will be cut down to three in order to promote a faster and more effective development of weapons systems.

The revision also dictates a separation of weapons procurement methods into local R & D and production, and overseas purchases. This will encourage local defense contractors to engage in more active R & D, while purchasing directly from foreign countries in those areas which are excluded from the R & D program so as to cut down on elements of waste. [as published] waste in the first place. .[as published] will be cut down to three in order to promote a faster and more effective development of weapons systems.

The revision also dictates a separation of weapons procurement methods into local R & D and production, and overseas purchases.

Power Generation Facilities Market Deregulated

SK2912013295 Seoul THE KOREA TIMES in English 29 Dec 95 p 8

[FBIS Transcribed Text] The Ministry of Trade, Industry and Energy [MOTIE] said yesterday that the control over power generation facilities is being liberalized to allow private companies to participate more actively in the industry.

The government had confined installation of power generation facilities to Korea Heavy Industries and Construction (Hanjung) in an effort to boost the technological base and construction knowhow.

The regulation went into effect in July 1990, partly to allow Hanjung, then an ailing company, to get back on its feet after the government took control.

According to Yi Kon-u, MOTIE's director general for basic industries, local power generation technology has come a long way in five years, and Hanjung has also become a competitive company with sound financial backing.

"In anticipation of the liberalization of the power generation market, MOTIE feels that the timing is right for deregulating the sector and allowing domestic companies to gain a competitive edge," he said.

Under the guidelines of the World Trade Organization, liberalization of the power generation market must be opened to foreign competition in 1997.

Yi said one of the main objectives of the deregulation is to gain a stronger competitive base for nuclear reactors with a power generation capacity of 1 million KW, as well as developing second-generation nuclear plants.

Hanjung has already been successful in the development of a Korean standard nuclear reactor, recently installed at Ulchin Nuclear Unit 3, and is continuing to acquire the latest nuclear power generation technologies.

Chong Mong-ku Named Chairman of Hyundai Group

SK2812062395 Seoul YONHAP in English 0515 GMT 28 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 28 (YONHAP) — Chairman Chong Mong-ku of Hyundai Precision Industries Co. has been named to succeed retiring chairman of Hyundai Business Group Chong Se-yong, a spokesman for the company reported Thursday.

Chong Mong-ku is the eldest son of Hyundai's founder and Honorary Chairman Chong Chu-yong.

Se-yong, younger brother of Chu-yong, will become honoary chairman of Hyundai Motor Co. and his son, Mong-kyu, now vice president of the company, will be promoted to the presidency.

It was also reported that Chairman Yi Chun-lim of Hyundai Corp. and other founders of the Hyundai Group will retire, along with group Chairman Chong Se-yong.

Submission of 1996 Business Programs Ordered

SK2912064195 Seoul YONHAP in English 0607 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — The prime minister's [PM] office instructed ministries and administrative agencies Friday to submit their 1996 business programs by Jan. 15 next year.

The directive, which followed President Kim Yong-sam's instruction last week to abolish traditional New-Year business reports to the president to eliminate administrative waste, is designed to maintain unity and consistency in national administration, a spokesman for the prime minister's office said.

The ministries and agencies were told to coordinate necessary policy matters with the ministries led by the deputy prime ministers for finance and economy and national unification, and to discuss important affairs with the prime minister's office.

They were instructed to streamline reporting sessions to ministers on the part of agencies and organizations placed under ministries' jurisdiction.

Ministries were also instructed to eliminate or merge the unnecessary administrative committees that now number more than 440 and work out a formula for revitalizing the essential committees.

The PM's office also told administrative agencies to do away with the practice of civil servants paying New Year courtesy calls to senior administrative bodies.

Third Generation Takes Control of Business Groups

SK3012022895 Seoul THE KOREA TIMES in English 30 Dec 95 p 8

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] The third generation has taken control of major business groups beginning with the passing of the baton from Ku Cha-kyong, now honorary chairman of the LG Group, to Ku Pon-mu.

In the ensuing months, the leadership of some of the top business groups passed hands, with Kim Sok-chun assuming the top position of the Ssangyong Group from elder brother Kim Sok-won, who is running for public office.

The latest of the leadership change, believed to have taken place in view of the changes in the political climate, was Chong Mong-Ku, who was appointed chairman of the powerful Hyundai Group in a wide reshuffle Thursday.

The change came as a surprise to most industry observers, including top officials at the Federation of Korean Industries (FKI), who thought Chong Se-yong, who was appointed as honorary chairman of Hyundai Motor, would stay longer.

Instead, Chong Mong-kyu, the only son of Chong Se-yong, was selected to be chairman of the nation's largest automaker at a tender age of just 33, heralding an era of new corporate leadership.

According to a source at the FKI, the unexpected change in the Hyundai leadership was called on by the dramatic transformation in the political arena, shocked by the arrest of two former presidents.

"Businesses are hurriedly trying to reinvent their image damaged by the admission that business groups gave billions of won to the government. There is a long way to go," said FKI's Cho Sang-ha. Changes in the business community are vast. Kolon Group chairman Yi Tong-chan revealed recently that his eldest son, Ung-yol, will take over the conglomerate, one of the 30 largest in the country.

Apart from Hyundai and Kolon, Halla Group is another up-and-coming conglomerate that is looking to transfer power from the first generation to the second in an on-going change of leadership.

Chong Mong-won, the 40-year-old second son of Halla chairman Chong In-yong, younger brother of Hyundai founder Chong Chu-yong, is known to be the second-in-command at the group.

Halla, which lost its heavy industry company under the administration of Chon Tu-hwan, is rebuilding itself, posting a turnover of 4.3 trillion won this year. Next year, total sales are expected to reach 5.7 trillion won.

Over at the Hanjin Group, which controls the profit-making Korean Air, has also been performing the task of splitting its interest among the four heirs of current 76-year-old group chairman Cho Chung-hun.

"One of the distinct differences among business groups has been that while some choose to select a specific heir to their fortunes, others prefer to distribute them uniformly," said another FKI official.

In the case of Halla, Chong Mong-won has been taking care of most of the business at home while the father flies all around the world in bids to win contracts, said So Chung-man.

Meanwhile, groups like Daewoo are looking at the possibility of turning over the management baton to professional managers, choosing to go beyond blood and seeking a more effective approach to their business activities.

"With the emphasis on the separation of ownership and management, we are more inclined to choose a person with effective management capabilities rather than ownership control," said one Daewoo official, who refused to be identified.

Indicators: Nov Business Activity on 'Downswing'

SK2912074295 Seoul YONHAP in English
0721 GMT 29 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — Business indicators for November showed that business activity was on the downswing of a cycle that started in late 1993.

According [to] figures released by the National Statistical Office (NSO) Friday, industrial output grew 13 percent in August, 11.4 percent in September, 9.7 percent in October, and 7.9 percent in November.

Production growth for the heavy and chemical industries slowed to 10.2 percent compared to 12.9 percent in October and 18.2 percent in the third quarter.

Light industry production, on the other hand, slowed 0.6 percent compared with last November reflecting the ever-widening growth disparity between the light and heavy industries.

Manufacturers operated at 81.8 percent of capacity in November, up 0.9 percent from October, thanks to brisk capital investment which lifted November production 8.6 percent above last year's level.

Construction orders were up 23 percent from the same period last year, although permit requests plunged 28.8 percent on a floor-space basis.

The jobless rate stood at 1.8 percent for the month down 0.1 percentage point from October, indicating that labor shortages which have hit small and medium-sized industries especially hard have not yet abated.

The wholesale-retail sector's growth rate slowed to 6.7 percent down from 7.3 percent in October, while domestic consumer sales were up 6.8 percent from a year earlier compared to the 3.2-percent increase registered in October.

Cho Hui-kap, NSO's chief statistician-researcher, said that "indicators show business cycle has begun a downward trend, but the 7.9-percent growth of industrial production in November translates into a growth rate of 7.8-8.0 percent in terms of the gross domestic product (GDP), which is by no means a slow growth rate for any economy. It is, therefore, too early to conclude that the economic expansion has peaked.

Burma

Officers Criticize U.S. Bounty for Khun Sa

BK0501025096 Hong Kong AFP in English 0236 GMT 5 Jan 96

[FBIS Transcribed Text] RANGOON, Jan 5 (AFP) — Burmese military officials say they are continuing operations against reputed Shan state drug warlord Khun Sa with the goal of obtaining his "unconditional surrender."

Approached at an independence day banquet Thursday night, the high-ranking officers poured scorn on a U.S. announcement of a two million dollar reward for information leading to Khun Sa's capture and conviction.

"The Americans never lifted a finger to help us with Khun Sa. They refused to give us weapons to fight against him. We had to use our own resources against him and lost many lives in the process. Now they want to move in," one official said.

The officers confirmed that government troops had entered Khun Sa's Ho Mong base in the Shan state, meeting little resistance.

Shan Leaders Quit Army After Khun Sa's 'Deal'

BK0501092396 Bangkok THE NATION in English 5 Jan 96 p A3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Mae Ai, Chiang Mai — Several top Shan members have quietly quit the Mong Tai Army (MTA) after their chief, Golden Triangle warlord Khun Sa, struck an amnesty deal last month with the Burmese junta in Rangoon.

Highly informed sources predicted that more MTA members, especially those of ethnic Shan origin, would eventually find the means or excuse to quit the movement, which has already abandoned its political cause of Shan independence to ally itself with the Burmese military rulers.

The sources said the whereabouts of a number of top MTA intellectuals are still unknown but they believe that they are living safely somewhere along the northern Thai-Burmese border or in Chiang Mai.

Khun Sa's close associate and right-hand man Khoensai Chaiyen quit the MTA on Dec 30 and is now living in an unidentified location in northern Thailand, said one source. His whereabouts remain a secret because of "personal security reasons" and one of his friends said Khoensai did not want to say anything at this time.

The sources said for the past several months Khun Sa had secretly pursued peace dialogues with the Burmese junta, known as the State Law and Order Restoration Council (Slorc), and that MTA Shan intellectuals were not taken into confidence.

Both the sources and Thai intelligence officers identified Khun Sa's uncle, Khun Saeng, as the key player in the peace negotiations with Slorc leaders. Two other trusted men of Chinese origin, Lao Dai and Kyaw Myint, also travelled back and forth between MTA headquarters in Ho Mong, the Burmese capital of Rangoon, and Taunggyi, the state capital of Shan State.

According to the sources, Khun Saeng's latest trip was on Nov 7 last year when he left Ho Mong, which is opposite Thailand's Mae Hong Son province. He arrived in Taunggyi on Nov 21 and left on Dec 2 for Rangoon where he met with Slorc leaders Gen Than Shwe and Lt Gen Khin Nyunt.

Ethnic Wa and Shan sources said Khun Sa is also very close to Slorc leader Gen Maung Aye, who is a former commander of the Burmese army's eastern command in Shan State.

Maung Aye, said the Wa source, had travelled to Mong Sat in southern Shan State near the Thai border on Dec 24, a few days before the Burmese troops marched in to replace MTA forces on Dec 29 in the Doi Lang area.

The Wa source said his United Wa State Army (Uwsa), which has been fighting the MTA forces since June last year for control of the mountainous border terrain opposite Thailand's Mae Ai district of Chiang Mai, was surprised to learn about the MTA's withdrawal from the contested Doi Lang and Mong Yon areas.

He added that the Uwsa, which struck a ceasefire deal with the Slorc in early 1989, considered Khun Sa's decision to allow the Burmese army access to the contested areas "cheating", as the Wa group had earlier given a Dec 25 deadline for the MTA to withdraw from the area or face a Wa military offensive.

He said Wa commanders had on Dec 26 ordered the attack on MTA outposts but were informed by Wa frontline special forces that the Burmese troops were marching into the contested areas.

Two Uwsa deputy commanders, Li Ze Ru and Bo Lai Kham, both of whom travelled from the Wa headquarters of Pangsang on the Sino-Burmese border to this area around Oct 28, are now in command of Wa military operations, according to the Wa source.

He said the 15,000-member Uwsa forces, who are now encircling the Burmese and MTA troops in the disputed areas, would not withdraw and had already warned the government forces to hoist Burmese flags to avoid being assaulted by the Wa.

The Uwsa forces' only concern is air raids by the Slorc and they have thus decided to also hoist Burmese flags over all their strongholds to avoid air attacks, he added.

Thai officials said yesterday that at least one-third of Khun Sa's MTA forces have already been transformed into local militia forces and that the MTA has already surrendered some of its arms stockpiles to the Burmese army.

Under the amnesty deal with the Slorc, Khun Sa, who has been charged by both the Thai and US governments with heroin trafficking, would allow the Burmese forces access and control of the MTA areas. MTA forces would also be transformed into militia forces.

The officials said at least three Burmese battalions comprising 1,000 troops had arrived at Ho Mong on Wednesday without resistance from the Shan forces.

Although the officials could not confirm whether Khun Sa remained at his headquarters, a telephone operator in Ho Mong said the MTA leader was still there and would welcome visitors.

Meanwhile, the Thai army has tried to cool military tensions and prevent confrontations after about 300 Burmese troops under the command of Col Pi Song had marched into the Doi Lang area, which is also claimed by Thailand.

Both Army and Border Patrol Police forces, which have been sent in along with heavy artillery to reinforce the rugged border area, have sealed off the main asphalt route to the Doi Lang area where a few Thai villages are located and have forbidden the media and unauthorized outsiders from travelling into the strategic disputed territory.

The Army also established a special forces unit under the command of a colonel in Mae Ai district to oversee and control the overall border situation. As of yesterday, the situation remained calm despite earlier predictions of possible clashes between the Thai and Burmese troops.

Cambodia

Loy Simchheang Appointed FUNCINPEC Chief

BK0501054596 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5 Jan 96 pp 1, 9

[Report by Dararit]

[FBIS Translated Excerpt] Loy Simchheang, first vice chairman of the National Assembly and member of the Steering Committee of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party, has been appointed party secretary general to replace Prince Kromkhun Norodom Sirivut.

In an interview by a group of reporters at the residence of First Prime Minister Prince Krompreah Norodom Ranariddh on 2 January, Loy Simchheang said he has already been appointed party secretary general by Prince Krompreah Norodom Ranariddh, chairman of the party and of the party steering committee, to replace Prince Kromkhun Norodom Sirivut.

Loy Simchheang further said that according to the FUNCINPEC party statute, the party chairman is empowered to appoint the party secretary general, but Prince Krompreah Norodom Ranariddh, the chairman of the party and of the party Steering Committee, has presented his appointment to the party Steering Committee for discussion. The committee unanimously approved his nomination on 31 December. [passage omitted]

Loy Simchheang disclosed that after the appointment of the party secretary general, the FUNCINPEC Party will hold a party congress in Phnom Penh on 21 March 1996. Some 5,000 party members from communes, districts, and provinces throughout the Kingdom of Cambodia will take part in the congress. He added that the congress will not change the FUNCINPEC Party's political line: "We will only adjust some points, especially concerning public relations." [passage omitted]

Philippines

660 Mideast Terror Suspects Placed on Watch List

BK0501050096 Manila PNA in English 0309 GMT 5 Jan 96

[From the Press Review — received via Internet]

[FBIS Transcribed Text] Manila, Jan. 04 (PNA) — Following are the top stories and excerpts of commentaries in the major English- language Philippine newspapers today: [passage omitted]

TODAY — 660 terror suspects on list

Government agents have placed on a watchlist at least 660 suspected foreign terrorists who have reportedly slipped into the country, police sources said... The list includes 472 Pakistanis, 96 Jordanians, 54 Palestinians, 38 Iranians and several Iraqis and Saudi Arabians... The source said some of the foreigners on the watchlist entered the country using false identities and travel documents... Bureau of Immigration officials reportedly informed the National Police that more than 600 foreigners, mostly from the Middle East, have been overstaying in the country...[passage omitted]

Entry of Some Foreigners Limited Due to APEC

BK0501040896 Quezon City Radio Filipinas in English 0230 GMT 5 Jan 96

[FBIS Transcribed Text] The Philippines has toughened its immigration regulations in a campaign to bar entry of foreign extremists ahead of the APEC [Asia-Pacific Economic Cooperation] Summit to be held in Manila later this year. This was announced by Immigration Chief Leandro Verceles. Verceles told reporters visitors from 10 countries which he described as high-risk will not be allowed to stay in the Philippines for more than a month.

Police intelligence agents have arrested more than 20 foreigners carrying Pakistani, Iraqi, Sudanese, and Saudi Arabian passports in the past two weeks. The arrests have yielded explosive devices and a wide range of ammunitions. Police link the foreigners to an extremist plot to sow terror at the Asia-Pacific Economic Cooperation or APEC Forum meeting scheduled to be held in the Philippines in November.

Visitors who come from countries outside the hotlist can stay in the Philippines up to three months. Verceles said suspected foreign extremists married to Filipinas will also be investigated. He said these marriages are for convenience.

Thailand

Military 'Needs' Build-Up of Weaponry

BK0301035796 Bangkok BANGKOK POST in English 3 Jan 96 p 2

[FBIS Transcribed Text] Thailand needs a quick build-up of military weaponry to keep up with neighbours like Malaysia who are investing in their armed forces, a source in the Supreme Command said yesterday.

This was recognised during a meeting of senior military officers including the supreme commander, commanders and chiefs-of-staff of Thai armed forces held last week to discuss strategic plans for 1997-2006.

The source said it was agreed the armed forces would give more information to the Press on the arsenals of neighbouring countries to convince the public of the importance of military build-ups or Thailand would never be able to catch up with other countries.

He added that Malaysia has bought F-18 jet fighters, C-130 transport aircraft, MiG-29 jet fighters, 300 tanks, rented two submarines and still has more items to order.

The country is also building 27 patrol boats aimed at tackling fishing problems so Thailand iS In urgent need of submarines to protect Thai fishermen, the source claimed.

It was unfortunate Thailand's plan to buy submarines was hindered by a politically motivated problem such as the Swedish bribe allegations, he added.

International Criminal Gang Operations Increase

BK3012162095 Bangkok THAILAND TIMES in English 30 Dec 95 p A1

[Report by Seri Klinchan]

[FBIS Transcribed Text] Bangkok — Thailand has developed and upgraded itself to newly-industrialized country (NIC) status. This economic achievement, however, appears to be shadowed by an increase in criminal cases nationwide.

Not only Thais but foreigners are becoming the targets of criminal activity, which is increasing annually. Increasingly, criminal cases involve the international sex trade, drug trafficking, murder and robbery.

It appears that most criminal attacks on foreigners are carried out by gangs involved in the flesh trade and narcotics trafficking. These international criminal gangs would be unable to operate without the cooperation of Thai nationals and some government officials.

Suspected members of international gangs include German, Italian, Pakistani, Burmese, Taiwanese, Chinese and other nationals long resident in Thailand. These individuals are familiar with trafficking routes, and are well-connected with influential Thai figures in both government and the private sector.

In the past the Thai police have focused on the suppression of illegal businesses such as gambling dens, brothels and other vice- related industries. Now the target has changed to crime suppression, particularly crime targeting foreigners.

On November 10 this year, Crime Suppression Division (CSD) police arrested a notorious Taiwanese criminal, Li Peng Fei, at his apartment in the heart of Bangkok.

The CSD operation was carried out at the request of the US police, who had issued warrants for Li's arrest in connection with several cases, including the murder, torture, and illegal detention of many Chinese illegal immigrants.

Li is suspected of helping Chinese people living in the south of China, adjacent to northern Thailand, to illegally enter the US and other countries via Thailand.

The would-be immigrants were taken to the US by ship. During the journey and after their arrival in the US, Li and his associates would kill, torture and detain their victims in order to extort more money from them.

When Li was arrested, the police found 14 Chinese visas, two Thai passports, two Singapore passports, forged rubber stamps for the immigration departments of four countries, as well as other false immigration documents in his possession.

According to the US police, more than 300 Chinese nationals were victims of Li's international gang.

Similar gangs are suspected to be operating various types of illegal business throughout Thailand, leading to robbery, murder and revenge crimes in the foreign community and among Thai nationals involved with the gangs.

In another example, notorious Thai smuggler Kriangsak Wichanwanichai was arrested on December 1 this year, in possession of 598 illegal mobile phones worth 15 million baht. Kriangsak was carrying the phones, smuggled into Thailand from Hong Kong, from Don Muang International Airport to Chiang Mai.

These cases are only the tip of the iceberg, and police estimate there are many more gangs operating in cases beyond police control.

Thailand is also reported to be a center for illegal labor, with reliable sources reporting that more than 100,000 Khmer, Sri Lankan, Burmese, Chinese and Bangladeshi laborers are working illegally in Thailand for low wages.

These illegal laborers enter the country with the help of corrupt Thai officials, who reportedly receive between 3,000 to 5,000 baht per illegal worker.

Amnuai To Supervise Changes in Finance Ministry

BK0401051296 Bangkok THE NATION in English 4 Jan 96 pp A1, A2

[Unattributed report]

[FBIS Transcribed Text] Deputy Prime Minister Amnuai Wirawan, bolstered by his increased power over the Finance Ministry, pledged yesterday to restore public confidence in the financial system and to conduct an even-handed probe into the allegations that brought down former stock watchdog Ekkamon Khiriwat.

But embattled Finance Minister Surakiat Sathianthai was adamant that his power has not been reduced, and that Amnuai's extended role will be largely supervisory.

"According to the law governing the Finance Ministry, the minister is the one who gives orders. The Finance Ministry isn't like the PM's [Prime Minister] Office, where a deputy prime minister could give orders on behalf of PM's Office ministers," Surakiat said. He and Amnuai said in separate interviews there will be no problems in their working relationship.

Prime Minister Banhan Sinlapa-acha issued an order dated Dec 29 extending Amnuai's supervisory power to include Finance. The directive came amid growing pressure on Banhan to reshuffle his Cabinet, and just five days after Surakiat forced Ekkamon to resign as secretary-general of the Securities and Exchange Commission and sacked him from his position as central bank deputy governor.

Stock prices soared in brisk trading yesterday, registering the biggest daily increase in seven months. It was unclear how much the news of Amnuai's new role contributed to the burst of optimism, but stock investors have never been great fans of Surakiat.

"It sounds like Surakiat's days are numbered," predicted Capital Nomura Securities analyst Sriyan Pietersz.

Under Surakiat's watch, the SET [Stock Exchange of Thailand] index declined to its lowest level in six months, and a costly government package to prop up the market only dismayed foreign investors.

Banhan, who laughed when reporters mentioned the good news from the market, confirmed Amnuai would have full power in overseeing financial affairs. According to Deputy PM's Secretary-General Wirasak Kaosurat, Amnuai will act on Banhan's behalf in approving all crucial Finance Ministry matters.

In effect, Amnuai has prime ministerial veto power over all the ministry's actions except when it comes to issues affecting national security, which must still go through Banhan, Wirasak said.

Amnuai yesterday stopped short of directly criticizing Surakiat, but he suggested some major financial policies had been ill-timed.

"Certain measures and planning suit long-term aspects, but if they are implemented too early or too late, there can be major short-term effects or they may just not work at all. This is what I am supposed to oversee," Amnuai said.

Ekkamon's dismissal touched off widespread criticism because Surakiat failed to produce any evidence that he had indeed leaked state secrets. Whatever evidence exists was believed to have been gathered through illegal phone tapping.

"I hope to see all the evidence against Ekkamon," Amnuai said. "He will receive full justice and given opportunities to defend himself. Most of all, Ekkamon is a devoted official with a good working record."

Asked if he could solve the crisis of confidence facing the Banhan government and the Finance Ministry in particular, Amnuai said: "Since I have a bigger role to play and will be more involved in the Finance Ministry, I think I can put more weight behind my actions."

Submarine Bribery Charges Branded Irresponsible

BK3012160295 Bangkok THE NATION in English 30 Dec 95 p A1

[Unattributed Report]

[FBIS Transcribed Text] A Swedish columnist has strongly attacked the DAGENS NYHETER newspaper and Swedish peace activist Henrik Westander for their "irresponsible" bribery allegations against Kockums involving the Navy's proposed purchase of submarines.

Copies of the translated Dec 16 article by Sven Bergquist, a columnist with the KVALLSPOSTEN newspaper, were handed to Government House reporters yesterday by Foreign Minister Kasemsamoson Kasemsi.

Kasemsamoson said the translation was sent to him yesterday morning by the Thai embassy in Stockholm.

Bergquist voiced concern that "irresponsible propaganda" by Westander's peace group, Svenska Freds, "may have a serious effect on Kockums' submarine manufacturing activities, which provide employment to 2,800 people".

The columnist said Westander had so far failed to produce a "shred of evidence" to support his allegation that Kockums bribed either Prime Minister Banhan Sinlapa-acha or his Chat Thai Party.

Westander's accusations, "which are being spread with DAGENS NYHETER's irresponsible assistance, also appear to be having a sharp impact on Thailand's domestic politics and could well lead to a government crisis," Bergquist wrote.

He said the peace group's move to halt Kockum's exports was not unexpected.

"What is unexpected, however, is that DAGENS NYHETER's publisher in law, Anders Mellbourn, with no documentary evidence whatsoever, should feel it appropriate to publish Westander's propaganda," Bergquist writes.

" ... it was beyond anyone's wildest imaginings that ... the managing editor of Sweden's largest daily newspaper would publish allegations of bribery against a major Swedish company — without even bothering to check whether reliable evidence existed which could support them," he said in his article.

The columnist also pointed out it was unrealistic to allege that Banhan had received bribes.

"The prime minister has such an immense personal fortune that he could himself buy Kockums in its entirety with no effort at all. He could probably buy up Celsius, the parent company, as well," he wrote.

Information on Tamil Rebel Activities Requested

BK0401050896 Bangkok BANGKOK POST in English 4 Dec 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Sri Lanka has asked to be supplied with any information on activities by Tamil Tiger guerrillas in Thailand after claims the separatist group is operating on an island in the Andaman Sea, it was revealed yesterday.

The concern was raised by Sri Lankan Foreign Minister Lakshman Kadirgamar during a meeting with his Thai counterpart Kasemsamoson Kasemsi yesterday.

According to rumours, Colombo suspects guerrillas from the Liberation Tigers of Tamil Eelam are operating on a Thai island in the Andaman Sea to smuggle narcotics and guns to support their war back home.

Tamil rebels have been fighting the Sri Lankan government since 1983 for an independent homeland in the north and east.

Foreign Ministry deputy spokesman Thinnakon Kannasut said Mr. Kadirgamar asked the Thai Government to provide information on such activities, if there are any.

M.R. [Mom Ratchawong — royal title] Kasemsamoson told Mr. Kadirgamar Thailand does not have a policy to allow any party to use its soil as a base to undermine the security of any other countries and that Sri Lanka should provide evidence concerning the accusation to the Thai Government.

But the Sri Lankan foreign minister said he had yet to receive any.

The two countries also signed agreements to boost economic, scientific and technological cooperation yesterday.

Under an agreement on promotion and protection of investments, investors from both countries will receive equal rights and treatment in doing business in the two countries. The agreement is to last at least ten years.

Thailand and Sri Lanka will later draw up projects under an economic and technical cooperation agreement. It will involve exchange of technicians and information.

Mr. Thinnakon said both countries are expected to establish a joint commission in the future to handle details of the agreements.

Watthana Ready To Join Banhan Administration

BK0301092096 Bangkok Radio Thailand Network in Thai 0000 GMT 3 Jan 96

[FBIS Translated Text] Watthana Atsawahem, member of parliament [MP] for Samut Prakan Province and deputy leader of the Chat Thai Party, told reporters that he was in a relaxed mood after being informed by Prime Minister Banhan Sinlapa-acha of the 11-point charges by the United States' Drug Enforcement Administration, or DEA. He said he had already made a statement answering all of the charges. Previously, he had known only that he had been accused of being involved in narcotics, without any details being given.

Watthana said that he had asked Man Patthanothai, an MP for Samut Prakan, to translate the clarification statement into English before submitting it through the U.S. Embassy in Thailand to the U.S. Government. Watthana confirmed that he had not been angry with the United States for making the accusation because he knew this was a political issue played up by some politician.

Asked if he would take over if Deputy Prime Minister Air Chief Marshal [ACM] Sombun Rahong stepped down from his post to make way for Watthana to join in the Banhan Sinlapa-acha administration, Watthana said he appreciated ACM Sombon's readiness, but it was not necesary for ACM Sombun to do that. He said that if he become a minister, there would be a space available for him.

However, Watthana said that the question whether or not he would be included in the Cabinet would be up to the discretion of the Prime Minister Banhan, the Chat Thai Party leader. Having been a MP ten times and a minister several times and given that the U.S. allegations were unfounded, he believed that he was well qualified to become a minister.

Protection of Log Smuggling Business Alleged

BK0301052296 Bangkok BANGKOK POST in English 3 Jan 96 p 3

[Report by Supphamat Kasem]

[FBIS Transcribed Text] An illegal gang is suspected of supporting the pro-Rangoon Democratic Karen Buddhist Army [DKBA] in return for protection of its log smuggling business, it was alleged yesterday.

A Thai field military source in the Mae Sot District of Tak [Province] made the claims after DKBA troopers attacked a Thai Border Police patrol [BPP] in a firefight which lasted about an hour on Saturday.

Four Karens are thought to have been killed in the incident and a Border Police Patrol armoured car was damaged.

The clash took place after a BPP patrol on the Moei River found a large quantity of teak logs and processed wood, and a big stove for brewing illicit liquor on three islands.

Teak was also found on the Burmese side of the river.

Fearing arrest a group of illegal loggers on the island escaped in a long-tailed boat.

Shortly after that, heavily-armed members of the DKBA opened fire with mortars and machine guns on the BPP unit, said the army officer.

He said shortly before the DKBA opened fire the military had intercepted radio communications in Thai, Karen and Burmese. It was suspected the Thai speaker on the radio might be one of the smugglers tipping off the DKBA.

Four trucks suspected of being used by the loggers were seized near the scene.

A police check found that the owner of three of the trucks is Nison Chanthabut, of Mae Tan Village, Tha Song Yang District. The fourth truck belonged to a local official.

The army officer, who spoke on the condition his anonymity was respected, said the crackdown on illegal logging was ordered by BPP commander Kowit Watthana.

He said the operation had cost illegal loggers tens of million of baht in lost revenue from smuggled timber.

The source said the clash took place after the BPP had stepped up campaigns against illegal logging in the area.

He said the rogue loggers are suspected of giving financial support and provisions to the DKBA in return for protection for their illicit activities.

Not only DKBA, but Burmese troops, some leading members of the Karen National Union [KNU] and some unscrupulous local Thai officials are involved in the cross-border timber business, the source claimed.

In the past, most illegal logging was under the control of the KNU in Burma.

But after the KNU lost its influence along the Thai-Burmese border, control of logging on the Burmese side shifted to Rangoon and the DKBA which established contact with the Thai timber smugglers, the officer said.

According to an investigation by Thai officials, illegal log smugglers used long-tail boats decorated with the

Thai flag to transport food and other provisions to the DKBA and Burmese soldiers.

Investment, Economic Pacts With Sri Lanka Signed

BK0501055696 Bangkok THE NATION in English 5 Jan 96 p A3

[Report by Rita Patiyasewi]

[FBIS Transcribed Text] Thailand and Sri Lanka opened a new chapter of friendship when Foreign Minister Kasemsamoson Kasemsi and his counterpart Lakshman Kadirgamar signed two important agreements on Wednesday.

Kadirgamar, who is on an official visit to boost bilateral relations which have for decades been neglected, said an agreement on the promotion and protection of investments with Thailand would be constitutionally guaranteed under article 155 of the Sri Lankan constitution.

The other agreement signed was on economic and technical cooperation at which a joint commission represented by both countries, would be established and would meet every two years.

Kadirgamar has been active in trying to bridge relations with other countries in the region and boosting his country's image.

He presented the Sri Lankan concern to Kasemsamoson that Thailand may be used as a base by Tamil terrorists.

He said there was some suggestion over the years that the Liberation Tigers of Tamil Eelam (LTTE) obtain arms and might be involved in drug trafficking using bases and facilities in Thailand.

"As far as I am aware, though, there is no hard evidence that we can offer," he said.

He suggested the issue ought to be addressed permanently and Kasem reassured him that Thailand would cooperate but evidence should be provided.

The LANKAN MONTHLY DIGEST, a business and leisure magazine, has named him the "Sri Lankan of the Year" for having laid to rest the myth that the LTTE represented the Tamil people.

Speaking to THE NATION on Wednesday during his three-day official visit which ends today, Kadirgamar modestly admitted to taking great pains to explain to the world the facts on the LTTE and was glad that his efforts have not gone in vain.

He said the international community is beginning to realise that the LTTE is not an idealistic group of freedom fighters but a set of brutal and ruthless terrorists with "no genuine desire for peace or have any intention to share power".

"There was a time after July 1983 when they [LTTE] put up a fight and played a historical role in focusing attention on a (ethnic) problem that had been neglected for decades," he said.

But ever since the communal violence directed mainly at the country's Tamil community broke out in 1983 which sparked a separatist war in northern and eastern provinces, the LTTE has denounced efforts by the government to resolve the problem.

Kadirgamar has played an important role in boosting the country's image which suffered dramatically over the past decade.

"Our human rights record was not very good in the past. We had many problems at home. We could have done better and the government announced that when it came to office that it would correct the human rights problem as soon as possible," he said.

True to their word, the government, under President Chandrika Kumaratunga, lifted the state of emergency and set up a commission of inquiry into the disappearance of an unknown number of people during the previous years, among other decisions.

"We have putting forward legislation against the use of torture which I introduced to parliament last November. We are having a national human rights commission set up that will be presented to parliament for debate next month," the minister said.

He said the country has set up a human right task force to monitor violations.

"What is very important is that we have started a programme to educate the armed forces about human rights — right down to the lowest rank — and I think the behaviour of the armed forces during the campaign (last month's overtaking of the LTTE controlled Jaffna City) was well conducted by the way the military treated the civilians," he said.

Last March the human rights commission in Geneva said Sri Lanka could be classified as a success story.

He said the LTTE are not liberators but in fact oppressors. Kadirgamar said the government would continue with military action to end the fighting.

"We are fighting a war against people who want to divide the country. We cannot allow that. It is just not possible," he said.

He said other areas would be taken over as they do not belong to the LTTE but are part of a sovereign country.

The Sri Lankan president said last month her government would take "all major steps" to stop the conflict with the Tamil Tiger guerrillas.

"The war is still going on, but we are by no means abandoning peace proposals," Kadirgamar said.

'Milestone' in Relations

BK0501115996 Colombo Sri Lanka Broadcasting Corporation International Service in English 1045 GMT 5 Jan 96

[FBIS Transcribed Text] Sri Lanka and Thailand have strengthened their economic and trade relations. Two agreements on investment promotion and protection, as well as economic and technical cooperation were signed by Foreign Affairs Minister Lakshman Kadirgamar and his Thai counterpart, M.R. Kasemi Kasemsamosan, in Thailand.

Speaking after the signing ceremony, the Sri Lankan minister said that this was a milestone in bilateral relations. Thailand is celebrating the 50th anniversary of its monarch's accession to the throne and the 40th anniversary of the establishment of diplomatic relations with Sri Lanka. Minister Kadirgamar welcomed Bangkok's proposal to set up a subcontinental economic cooperation project involving Thailand, Sri Lanka, India, Bangladesh, and Myanmar [Burma]. As the balance of bilateral trade was heavily in Thailand's favor, he also said that Sri Lanka would welcome tariff and quota concessions to enhance its export prospects, particularly for tea.

The Sri Lankan foreign minister later called on the Thai prime minister, Banhan Sinlapa-acha.

Post-Khun Sa Relations With Burma Reviewed

BK0501074196 Bangkok THE NATION in English 5 Jan 96 p A4

[Editorial: "Khun Sa's Deal With Slorc Means Trouble for All"]

[FBIS Transcribed Text] While much confusion still surrounds the apparent surrender of Shan drug lord Khun Sa and his Mong Tai Army [MTA] to Rangoon troops, the implications are troubling for nearly everyone concerned. The one exception will be the military government in Rangoon which now stands poised to further extend its iron rule over the previously lawless north of Burma.

For Thailand, the handover of Shan-controlled territory means the collapse of the Shan buffer zone and brings Burmese troops face to face with Thai soldiers at the disputed northwestern border for the first time since Burmese independence in 1948. For the legitimate Shan nationalist movement the alleged deal between Khun Sa and Rangoon represents a possibly irreversible setback to their aspirations for autonomy. And for US drug agents, the demise of Khun Sa promises to complicate their efforts to stem the flow of drugs pouring down from the Shan highlands.

According to sketchy initial reports, three battalions of Burmese government troops entered the Ho Mong headquarters of the MTA on Jan 2 after Khun Sa struck a pre-Christmas deal with Rangoon. Ho Mong is about 30 km from the Thai border.

Under the agreement, Khun Sa's estimated 6-8,000 well-armed troops would gradually be transformed into local militia forces. The deal also gave Khun Sa amnesty, and critically, allowed Burmese forces to take control of Doi Lang, part of a mountain chain that forms the border between Thailand and Burma. Doi Lang, which is now occupied by Burmese troops, is claimed by Thailand as well as Burma.

The arrival of Burmese troops at the border comes at a particularly bad time in Thai-Burmese relations and has provoked expressions of "extreme concern" from the Thai military, which responded by rushing men and artillery to the frontier.

Bilateral relations, which have been strained since 1993 when Bangkok and Rangoon went to the brink of war over a disputed hill in Thailand's south, deteriorated steadily last year due to a series of clashes over fishing and border demarcation, and allegations from Rangoon that Thailand was supporting minority insurgencies.

The dilemma facing Thailand is a prickly one. To force the border issue risks armed conflict with Burma's powerful military. To do nothing risks effectively ceding territory to the Burmese that has long been claimed as Thai.

Ideally both sides should repeat the course of action they took at Hill 491 and declare it a no-man's land, withdraw from the area and let a bilateral demarcation team negotiate a settlement to their rival claims.

The strategic value of Doi Lang to the Burmese and aggressive nature of the government, however suggests that finding a diplomatic solution will not be easy. Still, diplomatic trials are better than war, any kind of war, especially for a piece of land no Thais have lived on for decades.

For the Shans, who have spent the best part of the last five decades fighting for autonomy, the situation is a more desperate one. Their land and young have been ravaged by the narcotics trade, the opening of their borders to Thailand and China has brought an explosion of Aids and social disruption and their nationalist movement now lies in tatters.

After so many years of protesting his innocence against charges that his nationalist credentials were just a cover for his heroin operations, Khun Sa has apparently been exposed for the fraud he was. After a career of destroying lives around the world, he has handed his own people over to a government that has been condemned internationally as one of the most brutal in the world. It was seemingly an ignoble end to an ignominious career.

Burmese Troops Reportedly Cross Border

BK0201152496 Bangkok DAILY NEWS in Thai 2 Jan 96 p 15

[FBIS Translated Text] According to a report by Police Lieutenant Colonel Sitthiphon Wutthidet, inspector general of Mae Ai District's police station in Chiang Mai Province, sent to Police Major General Phimon Sinthunawa, police superintendent of the province, on 1 January, some 3,000 heavily armed Burmese Government soldiers have been deployed near the Thai-Burmese border in the vicinity of Huai Ha village, Mae Ai District. The Burmese troops, belonging to the Wa ethnic group, crossed the border as much as 300 meters into Thai territory and set up their operational base at Sankhosua village, adjacent to Village No. 1 of Tambon Malika, Mae Ai District. The police superintendent passed the report to the police director general and instructed the local authorities to monitor the situation closely.

The deployment of Burmese force in the area is part of the preparations for a suppression drive against drug kingpin Khun Sa's troops. The Burmese Government normally launches suppression drives against rebellious minority groups during the dry season. It has announced that it will wipe Khun Sa's men out of the area this year because they are weak and Khun Sa himself has transferred power to one of his subordinates. In addition to border intrusions, the fighting between Burmese Government troops and Khun Sa's army frequently causes artillery shells to land inside Thai territory, forcing Thai villagers in the area to leave their homes for safer places.

Meanwhile, Maj. Gen. Prayut Thapcharoen, commander of the Naresuan Task Force, responsible for that part of the Thai-Burmese border, has dispatched a number of Thai soldiers to guard the border area. There have been sporadic armed encounters between Thai troops and intruders, but no casualties have been reported. Moreover, Airborne Squadron 41 has its OV-10 aircraft and helicopter gunships on standby to provide support for the ground troops who have been assigned to push the foreign troops out of Thai territory.

Ministers Welcome Rangoon Deal With Khun Sa

BK0501054796 Bangkok THE NATION in English 5 Jan 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] The Army yesterday downplayed concerns that the presence of Burmese troops in Khun Sa's old stronghold on Doi Lang, a disputed area straddling the southern Shan state and Thailand's Chiang Mai province, would heighten military tension or disrupt border negotiations.

The military warned, however, of prompt reprisals if Rangoon moves troops "with ill intention" into the disputed zone.

Deputy Prime Minister and Defence Minister Gen Chawalit Yongchaiyut meanwhile welcomed the peace deal between Rangoon and Khun Sa's Mong Tai Army, but were quick to add that Khun Sa's surrender did not mean an end to Burma's narcotics problem.

Chawalit, while reaffirming Thailand's full cooperation with Rangoon in anti-narcotics efforts, said that Thailand would not be a refuge for either Khun Sa or his followers, who are believed to have been granted amnesty by Rangoon in the recent peace deal.

Army Commander Gen Pramon Phalasin said some Burmese troops had already pulled back following a Thai military request. He said those who remained were a part of Rangoon's surveillance forces.

His comments were intended to allay concerns that the replacement of Khun Sa's men with Burmese troops will put the Thai military in direct confrontation with Rangoon's troops.

Khun Sa's army, which long occupied the contested area between Mae Ai in Thailand and the Shan State in Burma, had acted as a buffer between Thailand and Burma.

The biggest concern at present was the influx of Shan refugees into Thailand, Pramon said. Hundreds of Shan people, including unarmed guerrillas and their families, had crossed into Thailand since the Burmese troops began to enter Khun Sa's areas over the weekend.

Gen Chawalit said yesterday he was worried that undesirable people were also coming across the border.

The war between Rangoon and the Mong Tai Army had hampered Thai-Burmese efforts to resolve the border dispute. According to Pramon, the discussions on this area of the border has been long and difficult.

Both armed forces have agreed to exercise extreme caution in any border incident and to first try to communicate before any military confrontation, Pramon said.

"I think we can negotiate with the Burmese military. I don't think this is a serious matter," he added.

Foreign Minister Kasemsamoson Kasemsi said the border dispute will be resolved through talks based on the Siamese-Burmese Treaty of 1893, but he did not say when such negotiations would begin. The military has reportedly urged the Foreign Ministry to begin Doilan demarcation talks quickly.

Foreign ministry officials said the disputed ownership over Doilan was the result of errors made in the names of places on the maps attached to the treaty. A new round of comprehensive boundary talks by the Thai-Burmese Joint Boundary Committee are to be held later this year in Rangoon.

Previous negotiations resulted in the completion of demarcation of the Ruak and Sai rivers, which form about 2400 km of the northern Thai-Burmese border. They left unresolved some disputed locations, including Strategic Hill 491.

Pramon however said he was confident that the Army would promptly tackle any attempt by Burma to intrude into the disputed zone.

Chawalit welcomed the deal between Rangoon and Khun Sa.

"There is no point for Khun Sa to continue his resisting. His surrender will lead to the end of many problems," Chawalit said.

Chawalit said the problem with opium production in Burma was not over.

"There are plenty of bad people still at large," he said, adding "I believe Rangoon is serious about its anti-narcotics efforts.

Khun Sa, Burmese Border Situation Reviewed

BK0401153396 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 4 Jan 96

[FBIS Translated Text] Defense Minister General Chawalit Yongchaiyut has reported that troops have been sent to the Thai- Burmese border in Chiang Mai Province to prevent border encroachments. He said the situation has come under the close watch of Thai authorities. The defense minister, concurrently a deputy prime minister, welcomed the action taken by the Burmese military government in sending forces to wipe out Khun Sa's army. He said this will help restore peace. Asked about the large number of Burmese soldiers stationed close to the Thai border, Gen. Chawalit said Thailand has sent several hundred troops to the area to protect the border:

[Begin Chawalit recording] We can do nothing outside of our borders, but we will never allow them to enter the country. Infantry as well as support weapons have been sent to the area. Everything is ready. [end recording]

Army Commander Gen. Pramon Phalasin, meanwhile, has said that the Burmese forces close to the Thai border have no intention of violating Thai territory. He said some of those soldiers are members of the Wa ethnic army and some defected from Khun Sa's army. The main purpose of their action is to comb the area for Khun Sa's men and set the scene for the launching of Burma's year of tourism. He added that Thailand and Burma have been in close coordination. He warned against resorting to emotion when trying to settle the problem:

[Begin Pramon recording] They are trying to wipe out Khun Sa's men. If we open fire now, we will be seen as trying to help Khun Sa, who is an international drug criminal. That would be damaging to us. We must think carefully. If we open fire on them as they are trying to comb the area for Khun Sa's elements, would that not mean that we are taking Khun Sa's side? We must think carefully and must not judge things based on emotion. [end recording]

Defense Permanent Secretary Gen. Phaibun Emphan notes that even though Khun Sa might have surrendered, a number of his leading men still refuse to surrender and stop fighting. He says Thailand cannot give asylum to Khun Sa because the man is a criminal:

[Begin Phaibun recording] He will be arrested. He cannot seek asylum because he is not a political victim, but rather a criminal. He must be arrested. Anyway, I do not know about the government's policy. It is only my personal opinion that Khun Sa must be arrested. [end recording]

Army Prepares To Expel Burmese Troops

BK0401073596 Bangkok THAILAND TIMES in English 4 Jan 96 p A1

[Unattributed Report]

[FBIS Transcribed Excerpt] Bangkok — Thai troops will attack the Burmese forces which have encroached on Thai soil in the northern provinces, if Burma fails to withdraw its troops from the area within the next few days, Third Army Area Commander General Thanom Watcharaphut said yesterday.

Thanom, at a meeting with senior officials, ordered the Special Unit 327, responsible for controlling the

Thai-Burmese border for Mae Ai district, Chiang Mai province, to be ready with heavy weapons in preparation for actions to expel the Burmese intruders.

According to a Thai military source, about 3,000 Burmese soldiers had been chasing after the opium warlord Khun Sa's troops and reportedly encroached on Thai soil in Chiang Mai, Chiang Rai, and Mae Hong Son since December 31 last year.

The Burmese troops were divided into two groups. The first 1,500 soldiers have remained at the border while the rest have crossed the border and established their military base at Ban San Kho Sua, Ban Pang Nai, and Ban Ma Dua in Mae Ai district, the source said.

The Thai side of the joint committee on Thai-Burmese border disputes has already talked over the matter at local level, and agreed to inform the Burmese of the Thai ultimatum. Officials have not yet received a reply from the intruders .

Chiang Mai Governor Wirachai Naeobunphian has ordered local officials to move more than 120 Thai households out of the area and provide any necessary assistance to the relocated families.

The Royal Thai Air Force's Wing 411 in Chiang Mai is ready to attack the Burmese troops strongholds as soon the Thai-Burmese fighting erupts.

The 33rd Army Sub-Region in Chiang Rai has moved tanks, artillery, five battalions, 10 gunships, and two helicopters to watch over the area.

However, Supreme Commander Wirot Saengsanit said Thailand would not employ violence over the Burmese intrusion but would have faith in peaceful talks.

When asked for comment on the northern border situation, Supreme Commander Wirot Saengsanit said that the Burmese encroachment in Chiang Rai is related to disputes over the mountain area of Doi Lang. Both Thailand and Burma claim rights over the area since 1981.

Meanwhile, Burmese troops yesterday continued their attacks on positions of the Karen National Progress Party (KNPP), one of the minority groups fighting against the rule of the State Law and Order Restoration Council (SLORC) in Rangoon.

The KNPP retreated into Thailand in Mae Hong Son, according to military sources.

The Burmese attacks has begun since December 31. The government troops had managed to capture the KNPP's military base in Kayak district opposite Mae Hong Son on the following day, causing a number of dead on both sides.

Thai local authorities are reportedly preparing to move villagers in the Mae Hong Son villages of Doi Saeng and Thana Khwai in case of fierce fighting on the Burmese side.

On Tuesday the KNPP issued a letter to all minorities and anti- SLORC groups living along the Thai-Burmese borders from Mae Hong Son to Tak.

The letter said SLORC had ignored the armistice made in March last year, and claims that the latest fighting reflected insincerity of the Rangoon military junta towards minorities.

The letter accused that SLORC sent troops into Kayak in June and attempts by the KNPP to persuade the government to withdraw troops have failed. [passage omitted]

Vietnam

Deputy Minister on Future of Relations With China

BK0501082996 Hanoi VIETNAM INVESTMENT REVIEW in English 18-24 Dec 96 p 7

[Interview with Vietnamese Deputy Minister of Planning and Investment Vo Hong Phuc by unidentified correspondent; place, date not given]

[FBIS Transcribed Text] [VIETNAM INVESTMENT REVIEW] How would you assess the possibility of economic cooperation between Vietnam and China as a result of Do Muoi's visit?

[Vo Hong Phuc] The recent China visit of General Secretary Do Muoi was a great success. Economic cooperation between the two countries holds a great possibility for development, particularly in trade.

In the first half of 1995, bilateral trade was valued at US$4.39 million, and it is estimated that this figure will reach US$1 billion by the end of this year. In 1996, bilateral trade is expected to increase 20 per cent over this year's figure.

Trading between the two countries involves mostly cross-border activities, while official trade remains limited. An important objective, agreed to by both sides, is to boost official trading ties through long-term contracts.

In 1996, China will export 500,000 tonnes of cement to Vietnam to help meet our country's cement shortage. Meanwhile, Vinafood 2 of Vietnam has won a contract to export 400.000 tonnes of rice to China.

Chinese investment in Vietnam will be increased, especially when its export import bank begins providing credit to Chinese businesses exporting to Vietnam. Vietnam imports vertical boilers for cement production. boilers for sugar production and equipment for the extension of the Ha Bac Fertiliser Plant from China.

[VIR] Why does Vietnam import technology from China when it is said that Chinese technology is not up-to-date?

[Vo Hong Phuc] In some areas, Chinese technology is not the most modern in the world. However. one of its advantages is that it is cheaper than equipment imported from the advanced industrial countries.

In any case, Chinese equipment is suitable for some sectors. such as cement production, steelrod manufacturing, lowlevel irrigation works and sugar production.

[VIR] What are the economic cooperation programmes to be implemented between Vietnam and China in 1996?

[Vo Hong Phuc] Investment and credit aid will be implemented to upgrade and expand the Ha Bac Fertiliser Plant, raising its capacity from 110,000 tonnes to 350,000 tonnes a year. In addition, a Chinese government loan of 80 million yuan (US$9.2 million) will be used to upgrade.and renovate some projects sponsored by China, such as the March 8 Textile Plant.

[VIR] What about the future rail links between Vietnam and China?

[Vo Hong Phuc] It's easy to see the importance and significance of resuming rail links Hanoi-Lang Son-Bangtuong-Beijing and Hanoi- Lao Cai-Kunming - for passenger transport as well as broadening (official) trade. In particular, the Hanoi-Lao Cai line, once connected to Kunming, with a length of 800 km, will be the shortest way from southwestern China to Hai Phong port.

At present, technical measures to ensure safety for the future rail links are being carried out so the connection can be made as soon as possible.

Vietnam Railways hopes to reopen the rail links on the occasion of Tet, the traditional Lunar New Year festival, which falls in mid February 1996.

Government Sets Import-Export Policy for 1996

BK0501081296 Hanoi VNA in English
0650 GMT 5 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan 5 — Prime Minister Vo Van Kiet has issued a decision to approve a list of imports and exports as well as their respective quotas to control import-export items for 1996.

The list includes: six groups of articles banned from exports being weaponry, ammunition, explosives, military equipment and spare parts, antiques, narcotics, toxic chemicals, whole logs, firewood, planks and other kinds of wood, rattan and half-processed wood used as raw materials, wildlife and other rare flora and fauna.

Banned imports include weaponry, explosives, narcotics, toxic chemicals, pornographic, depraved and reactionary cultural products, fire-crackers of all kinds, toys which are harmful to children's education and detrimental to social and public order and safety, cigarettes, used consumer goods, automobiles and other right hand drive vehicles, and all used two, three or four wheeled vehicles.

The prime minister has also approved two export items controlled by the government through the issue of export quotas. They are rice and garments to be exported to the EU, Canada and Norway.

Rice exports are to be conducted in two phases. In the period between now and September this year, about 1.6 million out of two million tons of rice as scheduled for 1996 will be exported. Last year, the country exported about 2.2 million tons of rice.

The Ministry of Trade will announce the quotas allotted to Vietnamese exporters after negotiating with foreign partners in line with agreements signed between Vietnam and the EU, Canada and Norway.

Last year, the volume of garment exports was worth about USD100 million more than in 1994.

In 1995, Vietnam exported about USD5,300 million worth of products or USD130 million higher than the previous year while it imported USD7,500 million worth of technical equipment, fuel and raw materials, including imports of technical equipment and materials for foreign-invested projects and joint ventures.

Function of Mekong River Committee Defined

BK0501074996 Hanoi VNA in English
0642 GMT 5 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 5 — The prime minister issued a decision defining the function, obligation, scope of activities and organisational structure of the Vietnam National Mekong River Committee (VNMRC) on Dec. 30,1995.

The committee is under the control of a minister without portfolio who helps the prime minister to manage the committee's cooperative activities with the Council of the Mekong River Commission, nations in the Mekong Basin, non-governmental organisations, and domestic units to reasonably exploit and protect the water resource and other natural resources in the

Mekong River Basin in general, and the Mekong Delta and central highlands in particular.

The VNMRC is to cooperate with its counterparts from other member-countries of the Council of the Mekong River Commission to organise implementation of the agreement on cooperation and sustainable development of the Mekong River Basin. It will supervise and manage water resources and other natural resources in the basin, protect Vietnam's interests through the master plans and cooperation projects on the basin, and cooperate with regional countries, countries, non-governmental organisations, international organisations and Vietnamese units to protect and develop the Mekong River Delta and the central highlands.

It has a permanent office and is funded by the state budget.

Situation of Vietnamese Refugees Worldwide Viewed

BK0301062396 Hanoi Voice of Vietnam in English 1000 GMT 2 Jan 96

[Station Commentary]

[FBIS Transcribed Text] The waves of Vietnamese refugees have reduced considerably over the last few years particularly in 1995. Vietnamese refugees leaving for Hong Kong and other ASEAN countries have basically ended. According to the UN High Commissioner for Refugee [UNHCR], by October 1995, no boat people have arrived in ASEAN countries. There are many reasons, but we can say that it is the results of the Vietnamese Government's open-door policy under which the Vietnamese economy has been developed and the people's life has been improved obviously.

According to statistics, now there are 3,800 Vietnamese refugees in Thailand, 4,500 in Malaysia, 100 in Singapore, 2,600 in the Philippines, and 4,700 in Indonesia. The remaining 20,477 refugees in Hong Kong camps will have to repatriated.

In Germany, there are now 97,000 Vietnamese. More than 50,000 have legal residence right and more than 40,000 resided illegally. To solve this issue, the Vietnamese Government has applied some consistent policies to stop the illegal migration. Vietnam is ready to receive the repatriates under the orderly repatriation program and have them reintegrated in Vietnam's society.

Vietnam has reaffirmed not to accept forced repatriation because it is inhumane and not in conformity with international laws. Vietnam has closely cooperated with the UNHCR and [word indistinct] residence countries and territorial regions including Hong Kong, Germany and ASEAN countries, other related countries, and international organizations to promote the orderly repatriation program approved by the Geneva International Conference on Indochinese Refugees in June 1989.

The Vietnamese Government has signed with Great Britain a number of agreements on repatriation of Vietnamese refugees in Hong Kong. In February 1989, they reached an MOU [memorandum of understanding] on voluntary repatriation and in October 1991 reached an agreement on orderly repatriation. At the meeting of the Fifth Steering Committee in February 1994 and the Sixth Steering Committee meeting in March 1995 in Geneva on the implementation of the orderly repatriation program, the Vietnamese Government agreed to put an end to illegal migration in December 1995 and agreed to simplify the repatriation process.

Relating to the issue of illegal Vietnamese residents in Germany, since the end of 1993 rounds of talks have been held. They frankly discussed issues of mutual concerned and on July 21, 1995 the two governments reached an agreement on resettlement of Vietnamese citizens. According to statistics released by Germany, 40,000 Vietnamese residents in Germany now have to return to Vietnam. The repatriation will be made between 1995 and the year 2000. From 1995 to 1998, about 20,000 will return. The Vietnamese Government will continue cooperating with international organizations and the world countries to overcome various objective difficulties to realize all its commitments relating to this issue.

In implementing the repatriation program to repatriate Vietnamese refugees from ASEAN countries and Hong Kong, the Vietnamese Government receives financial assistance from many countries and international organizations. In 1992, the Hong Kong authorities granted Vietnam 10 million Hong Kong dollar. In April 1993, Hong Kong granted another 15 million Hong Kong dollar. The German Government also committed to finance the program of repatriation the Vietnamese illegally residing in Germany. The Vietnamese Government and people are grateful for the world countries and international organizations for their financial assistance to help it realize all its commitments.

National Assembly Celebrates 50th Anniversary

BK0501074896 Hanoi VNA in English 0635 GMT 5 Jan 96

[FBIS Transcribed Text] Hanoi VNA January 5 — The National Assembly of the Socialist Republic of Vietnam celebrates its 50th founding anniversary on 6 January. On that day, half a century ago, the first general elections to the assembly were held nationwide.

During the 6 January 1946, general elections, 89 of registered voters cast their ballots to elect the first National Assembly consisting of 333 deputies, of whom 57 were from different parties and the rest were non-party members. Deputies who were workers, peasants and revolutionary fighters represented 87 of the total while 10 deputies were females and 34 others of various ethnic minority groups. At the request of President Ho Chi Minh, the first president of independent Vietnam, the National Assembly agreed to give an additional 70 seats without elections to the Viet Quoc and Viet Cach nationalist groups in a bid to preserve national unity in face of foreign invasion.

The first session of the first legislature on 2 March 1946 was wound up with success with the approval of the War Resistance Coalition government with Ho Chi Minh as president, the Resistance War Association with Vo Nguyen Giap as president, and the Advisory Board put under the charge of Supreme Advisor Vinh Thuy, formerly Emperor Bai Dai. The success of the first session constituted the success of militant solidarity, compromise and reconciliation with a view to concentrating efforts for national resistance and reconstruction.

The second session of the first National Assembly adopted the country's first Constitution on November 1946.

During its term from 1946 to 1960 due to prolonged war, the first National Assembly adopted the 1946 Constitution and the 1959 Constitution, 11 laws and 54 resolutions.

Following the Dien Bien Phu victory and the Geneva Conference in 1954, the Vietnamese revolution entered into a new stage of development with North Vietnam liberated from colonialism and able to carry out socialist construction while South Vietnam continued to struggle for the liberation of the rest of the country and national reunification. In this regard, the National Assembly of the second, third, fourth and fifth legislatures made great contributions to the country's revolution.

The second National Assembly of the Democratic Republic of Vietnam was elected on 8 May 1960 with 362 deputies chosen through elections with 91 from the first National Assembly residing in the south. Of the elected deputies, 50 were workers, 47 peasants, 129 political activists, 20 army officers, 13 personalities and religious dignitaries, 37 cultural, educational and judicial officials, 66 economics, science and technology workers, 49 females, 56 ethnic minority people, 64 non-party members and 42 youth members (aged from 20 to 30).

At the first session of the second National Assembly from 6-15 July 1960, Ho Chi Minh was elected president of the republic, Truong Chinh, chairman of the National Assembly Standing Committee, and Pham Van Dong, prime minister.

During the four-year term, the second National Assembly promulgated six laws and nine ordinances, and passed 26 resolutions.

The third National Assembly was elected on 26 April 1964 with 366 deputies including 71 workers, 90 peasants, seven small industry and handicraft industry officials, 70 political activists, 18 army officers, 12 personalities and religious dignitaries, 37 cultural, educational and judicial officials, 61 economics, science and technology workers, 62 females, 60 ethnic minority people, 71 non- party members and 71 youth members.

During its term from 1964 to 1971, the third National Assembly promulgated one law and five ordinances and passed 18 resolutions.

Of the 420 deputies elected on 11 April 1971 to the fourth National Assembly, 94 were workers, 90 peasants, eight small industry and handicraft industry officials, 101 political activists, 27 army officers, 13 personalities and religious dignitaries, 34 cultural, educational and judicial officials, 53 economics, science and technology workers, 125 females, 73 ethnic minority people, and 103 nonparty members.

The first session of the fourth National Assembly from 6-10 June 1971 elected Ton Duc Thang, state president, Truong Chinh, chairman of the National Assembly Standing Committee, and Pham Van Dong, prime minister.

The fourth National Assembly was in office from 1971 to 1975 during which one law and one ordinance were promulgated and 12 resolutions were passed.

The fifth National Assembly was elected on 6 April 1975 with 424 deputies including 93 workers, 90 peasants, seven small industry and handicraft industry officials, 28 army officers, 93 intellectuals, 137 females, 71 ethnic minority people, and 110 non-party members.

At the first session of the fifth legislature from 3-6 June 1975, the National Assembly elected Ton Duc Thang state president, Truong Chinh, chairman of the National Assembly Standing Committee, and Pham Van Dong, prime minister.

Anticorruption Minister Interviewed on Challenges

BK0501080996 Hanoi VIETNAM INVESTMENT REVIEW in English 11-17 Dec 95 p 5

[Interview with Vietnamese Minister of the Committee for Anticorruption Smuggling Nguyen Ky Cam by VIETNAM INVESTMENT REVIEW's correspondent Thanh Huong under the rubric "Interview of the Week;" place, date not given]

[FBIS Transcribed Text] [Huong] How would you describe the problem of smuggling and corruption in Vietnam?

[Cam] Anti-smuggling and anticorruption activities are familiar to many people. But these activities are very hard, complicated and time-consuming. Recently, although the authorities have placed much effort in uncovering and dealing with many of these cases, the results have not been satisfactory. Corruption and smuggling are still a great threat to the stabilisation, development and successful implementation of Vietnam's "doi moi" process. The National Assembly, the Government and the Prime Minister have issued many decrees and decision forwarding this struggle by unfortunately, corruption and smuggling cases are rising and becoming more sophisticated and complicated.

[Huong] How does smuggling damage the economy and general social values?

[Cam] Smuggling affects the State budget, which annually loses a great amount of money due to tax evasion. But even more damaging is when State policies - in regulating, promoting and restricting exported and imported good - are destroyed. Furthermore, serious, legal businesses are hurt by this unfair competition. Several domestic products can meet the domestic demand, but they are squashed by contraband goods.

Needless to say, smuggling is closely related to corruption. In other words, if smugglers want their illegal activities to be successful, they must cooperate with State employees in high positions. When State employees accept bribes, they, in effect, become vital assistants of the smugglers. Apart from small-scale goods, largescale smugglers can move products like wood, automobiles and rice. If these smugglers want to grow, they have to form a close relationship with authorised State officials. The damage caused by smuggling also has an effect on social values, moral standards and the way of life. Rich smugglers lead a life of pleasures, a way of life different from Vietnam's cultural tradition. They regard money as the standard for everything.

[Huong] Vietnam's land-borders and coast pose many difficulties for anti-smuggling efforts. What are your plans to overcome this?

[Cam] Recently, the State and other authorised agencies have discussed this issue with leaders of border and coastal provinces. The biggest disadvantage for anti-smuggling forces is the lack of manpower and adequate equipment. In many cases, anti-smuggling forces had to give up a chase because their boats were slower than the smugglers. The State plans to modernise the anti-smuggling force, particularly in the General Department of Customs. Of course, it is difficult to meet all demands because of limited finance.

[Huong] In your opinion, what is the main cause for the present upsurge in smuggling and what measures can be taken to combat this trend?

[Cam] The main cause is that smuggling brings about "a great benefit" for illegal businessmen. In recent years, funding has not been widely concentrated on the anti-smuggling battle, hence the results have been limited. It was once believed that high import tariffs could restrict smuggling cases. This belief is not true.

In some cases, it is not easy to deal with confiscated smuggled goods. The term "smuggled goods" has various definitions among the different authorised bodies. The number of smuggling trials in court is less than the number of real smuggling cases being discovered. In some cases, the smuggled-goods' owners escape and do not declare their illicit possessions so they cannot be tried in court. But we rarely find the real leaders of smuggling cases.

Central Committee Official Ha Dang Interviewed

BK0501102096 Hanoi VIETNAM ECONOMIC TIMES in English Dec 95 pp 10-11

[Interview with Ha Dang, head of the Department of Ideology and Culture of the Communist Party of Vietnam Central Committee, by an unidentified correspondent; place, date not given: "Out of Socio-Economic Crisis"]

[FBIS Transcribed Text] [VIETNAM ECONOMIC TIMES] What conclusions did the recent Ninth Party Central Committee Conference reach regarding the second five years of doi moi [renovation]?

[Ha Dang] The general conclusion is that we have overcome our past economic crisis. And I'd like to list the reasons why:

—The national economy has experienced a high rate of growth, averaging nine per cent;
—Inflation has been curbed; the current rate is 14 percent per annum;
—Jobs have been created for more people;

—The standard of living has generally improved for everyone; and
—Trust in doi moi and leadership of the Party and regime has been enhanced, and external relations have been expanded.

Above all, we have brought about these achievements with our own mind and hands, without aid from the socialist community as before.

Some aspects have not been well consolidated, however. The market is still in its elementary form and the gap between the rich and the poor in urban as well as rural areas is still wide. Social equality has not been ensured and, more seriously, corruption, bribery and other social evils are developing in society and even within the Party. Yes, there have been great achievements, but at the same time we have to be aware of these drawbacks.

The achievements over the past five years have been significant. They have allowed the country to move to a new stage of development, to promote industrialisation and modernisation to make a rich, strong, equitable and civilised society.

[VIETNAM ECONOMIC TIMES] What are the opportunities and threats that Vietnam is facing?

[Ha Dang] The achievements made through doi moi have helped us create the necessary growth to enter a new stage of economic and social development. Internationally Vietnam's prestige has been enhanced as we become part of the world community. Nevertheless, there are still threats that can undo the progress that has been made:

—The danger of lagging behind economically;
—Deviation from socialist orientation;
—Red tape and corruption; and
—'Peaceful evolution' (hostile forces operating under the guise of peace), which undermine the nation.

These threats were spelt out at the mid-term conference. All are interrelated and dangerous, and can not be ignored.

The first threat of trailing economically behind our competitors is important and has serious implications. Red tape and corruption also include personal moral decadence. All these evils among part of the Party members and officials have weakened the Party and the state mechanism, eroding people's trust, distorting the implementation of new policies, and making fertile ground for 'peaceful evolution'.

There is always a dialectical relation between opportunities and threats. Our strategy is to actively take advantage of opportunities to develop rapidly and steadily, creating new positions and power, at the same time making the best efforts to overcome these threats to ensure smooth development of the nation.

[VIETNAM ECONOMIC TIMES] What objectives were outlined at the Conference?

[Ha Dang] We are entering an era of industrialisation and modernisation. The objective is to make Vietnam an industrialised country with an up-to-date infrastructure, appropriate economic structure, progressive production relations to suit the country's production capacity, high standards of spiritual and material life, stable national security, and a richer and stronger equitable nation.

The period from now to 2020 is very important. By that time it's been calculated that Vietnam will become a Newly Industrialised Country.

The task for Vietnamese people is to gather all their efforts to take advantage of the opportunities, overcome challenges and promote the doi moi comprehensively and homogeneously, for the objectives of the "strategy for socio-economic stabilisation and development to the year 2000." Namely: high, effective and sustainable economic growth; solving of social, defence and security problems; remove the image of Vietnam as a poor and underdeveloped country; improving the living standard of the people; and increasing domestic saving to provide a firm ground for the higher development stage by the beginning of the next century.

The Conference pointed out the direction of future growth. This involves developing and restructuring the economy towards industrialisation and modernisation, allowing a multi-ownership economy, continuing to renew the economic management mechanism, developing science and technology, education and training and building up an advanced culture while maintaining national identity, solving some social problems, national defence and security, external relations, national solidarity, promoting the people's role of ownership, and continuing the reform of the state mechanism. In short, perfecting the Socialist Republic of Vietnam.

[VIETNAM ECONOMIC TIMES] How should we judge the policy for development of a multi-ownership economy?

[Ha Dang] Development of a multi-ownership economy, encouragement of foreign direct investment is the right strategic decision. The recent economic achievements cannot be realised without the development of a multi-economy, without the adjustment of production relations to suit the development need of the "production forces". There are, of course, problems that could have been less serious if they'd been caught earlier. For a long time, renewal and establishment of co-operative economy have not been paid due attention to. The state retail sector has neglected some key areas. Dangerous cultural influences, mainly of pornography and violence, have been spreading in some areas. Extravagant spending is an emerging trend in some people. We must correct all this.

Multi-ownership is an inevitable requirement of the reality of an economy in transition. Each type of ownership has its own characteristics in terms of production, management and distribution. Each type corresponds to a certain social class with different interests and position in the social production. In nature, each type represents a "mode of production". The existence of the multi-ownership system is explained by the immature development level of the "production forces" which cannot facilitate the application of a new uniform ownership and "production relation" for the whole economy.

[VIETNAM ECONOMIC TIMES] Has the Conference placed more emphasis on specific ownership?

[Ha Dang] There are different types of ownership: state ownership with state-owned enterprises, co-operative ownership with different forms of co-operatives, and individual ownership often in the form of small businesses and handicraft enterprises. There is also private capitalist ownership and state capitalist ownership in two forms: joint ventures between the state and foreign or domestic capitalists.

The distinction of economic ownership plays an important role in making appropriate economic, political and social policies. This distinction can not be replaced by the distinction by types or scope of enterprises. The different types of ownership are legally equal but do not have the same role and position in the establishment of a new socio-economic regime.

Each type of ownership if properly used can contribute to build the socialist regime. This does not mean that all of them have the same socialist elements, and of course we cannot simply base it on the productivity of a type of ownership to consider it to have more socialist elements.

State ownership, together with cooperative ownership, represents a more advanced production mode and should be constantly amended and developed. The state ownership sector must play the leading role, and together with the cooperative ownership sector it gradually forms the cornerstone for the national economy. Only by developing state and co-operative ownership of the economy can we create a firm ground for the new regime to develop, to take full advantage of our strengths, to curb our weaknesses, to regulate and orient the development of the others towards socialism.

Socialist orientation should be kept in mind in building a multi- ownership economy. We intend to promote extensively different types of state capitalist economies, being the direct joint effort between the state and private capitalist economy in nature, in order to create stronger positions and power for Vietnamese entrepreneurs to expand their business overseas and at the same time to orient them towards socialism. The conference also decided to mobilise more resources from local partners and to increase the contribution proportion for Vietnamese partners in joint ventures with foreign partners. Types of 100% foreign capital, BOT [build, operate, transfer] or BOO [build, operate, own] investments are also accepted, however, in case of need and if found to be more beneficial.

Le Duc Anh Grants New Year Amnesty to Prisoners

BK0201143796 Hanoi VNA in English 1359 GMT 2 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 3 [dateline as received]— President Le Duc Anh marked the advent of the New Year by granting amnesty to a batch of 681 prisoners.

The release, signed on December 30, is the third batch of prisoners to be granted amnesty in 1995.

The first was on the occasion of the 20th South Vietnam Liberation Day on April 30, when 957 prisoners were released, and the second batch of 1,664 prisoners received their release orders on the occasion of Vietnam's 50th National Day (Sept.2).

The basis for granting clemency was good conduct and redeemed behaviour of prisoners, who had served at least two thirds of their sentences, according to the office of the government. Mothers, family breadwinners, and those with war-invalid relatives were also considered.

The usual practice of releasing prisoners only on National Day was changed in 1995, and a total of 3,302 prisoners were released during the year.

Vinh Phu Province Admits 2,600 Party Members

BK0301012396 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 30 Dec 95

[FBIS Translated Text] Vinh Phu Province admitted almost 2,600 new party members in 1995, an increase of 100 percent over last year. Among the new members, 800 are women and more than 220 are ethnic minorities. Localities that admitted more members are Viet Tri city and Thanh Hoa, Thanh Son, and Tam Dao Districts. All the newly admitted members have set a good example in labor productivity and in carrying out party tasks. They are trusted by the local people.

Australia

Support for Tahiti Autonomy Urged To End Tests

BK2812151795 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 13 Dec 95 p 14

[Article by John Newfong: "Keating Must Heed Tahiti's Push For Independence]

[FBIS Transcribed Text] More effective than all the condemnation aimed at preventing French nuclear tests in the Pacific would be international backing for an independent Tahiti. This would bring the tests to an end and ensure they are never resumed.

This is especially so since France now seems to have overplayed its hand to an extent that it will be unable to assert the post- independence influence in Tahiti it often asserts in its former dominions elsewhere. France's influence over its former African colonies has meant Francophone nations have been slow to condemn the Pacific tests. But these tests are likely to leave a more devastating legacy in Tahiti than any lingering resentments in Africa over skirmishes with the French Foreign Legion.

Many Tahitians support French rule for economic reasons. Many others demand independence as the surest way of protecting their environment.

Paul Keating, in all his cant against the French, has professed much NOBLESSE OBLIGE over global environmental safety. He has, however, failed to support the independence demands of those in most immediate danger from the tests, demands which would provide the basis for future protection from further tests.

In fact, he has, with uncharacteristic restraint, led other Australian political leaders of all persuasions in a conspiracy of silence over the Tahitian independence issue.

He has not done this out of diplomatic concerns over interference in another sovereign territory. Some of his more acrimonious comments could be interpreted in this vein and the French Ambassador, Dominique Girard, has claimed Keating and others have acted as if diplomatic relations have already been severed between Australia and France.

In adopting this no-holds-barred approach to France on one front but, at the same time, pulling his punches over Tahitian independence, Keating's public equivocation has been decidedly unedifying.

The fact is French leaders, especially France's Minister for Foreign Affairs, Herve de Charette, have hinted more than once that France is fully prepared to strike at Australia's Achilles' heel — at what is referred to in international forums as its "ongoing process of internal colonisation".

France, undeniably, has a long tradition of cultural imperialism, but it also has an equally long tradition of Parisian cultural eclecticism that has left an indelible mark on its strongly centralist but ecumenical style of government. These traditions have been embodied in France's colonial system as the dual concepts of France and France d'outre Mer (overseas France), ensuring all French colonies (Departments) have representation in the French National Assembly at the Quai d'Orsay.

In addition, France can claim a long history of giving blacks their due — from its own Empress Josephine (formerly la Vicomtesse de Beauharnais from Martinique in the French West Indies); Australian Aboriginal opera singer, the late Harold Blair, who sang under contract at the Paris Opera at a time when he could not even stay in Sydney's former Australia Hotel, to the St Louis-born Black American entertainer, Josephine Baker, queen of Parisian Cabaret whose J'AI DEUX AIMES — Paris ET MON PAYS was like another national anthem.

While Britain has generally eschewed black creativity and intellectualism, considering it politically safer to bestow knighthoods and life peerages on black cricketers, France has honoured black creativity and intellectualism. Writers like Alexandre Dumas, of West Indian descent and of THE THREE MUSKETEERS and LA DAME AUX CAMILLES (LA TRAVIATA) fame, and Leopold Senghor (President of Senegal 1960-80) have been recognised by the French.

Although Senghor once said of independence in Africa, "There are LES VRAIS ET LES VERITES [There are truths and true truths]", French colonial history nevertheless makes Australia look somewhat less civilised — especially when one considers how Aborigines are still subjected to an "ongoing process of internal colonisation" and, until recently, were denied the right to vote, run for office, receive equal wages, receive war service houses or pensions when they had seen active service, and in some States, even exercise the right of appeal in a court of law.

Nor does Australia look any better for the fact that benefits that might have accrued to those Aborigines who suffered the greatest dispossession and dispersal, from Australia's belated rejection of the legal fiction of TERRA NULLIUS, were so expeditiously extinguished by the Keating Government's Native Title Act; or for the fact that Aborigines are so often subjected to the most bitter public calumny for "never working the land" or for "never having had any culture".

Furthermore, the fact that Keating's preferred republican constitution restricts all reference to indigenous Australians to a preamble must surely make him look like a paltry, bargain-basement republican to the French.

Even the proposal by the Council for Aboriginal Reconciliation for a handful of reserved parliamentary indigenous seats looks like the black bench in coloured corner compared with France's traditions of France and France d'outre Mer.

Keating can hardly continue to deny support for Tahiti's demands for autonomy if Australia is to have a reputation for consistency and any credibility in a fully independent Pacific region in the near future.

After all, the French are aware that, as another of their famous writers, Victor Hugo, asserted: "No army can stop an idea once its time has come.

Navy Releases 2 Detained Taiwan Fishing Boats

OW0501033196 Taipei CNA in English
0207 GMT 5 Jan 96

[By Maubo Chang]

[FBIS Transcribed Text] Kaohsiung, Jan. 4 (CNA) — The Australian Navy on Thursday [4 January] released two Taiwan fishing boats that were detained on Dec. 9 off the coast of Darwin, in northern Australia, for allegedly illegally fishing in Australian territorial waters.

The two 300-ton trawlers, the Shangfu No. 1 and the Shangfu No. 2, left their home port of Kaohsiung in August to fish in waters off Indonesia.

The Kaohsiung-based Huifu Fishing Co., which owns the two boats and claims to have forged a fishing agreement with Indonesia, said that although it does not know why the boats and 30 crewmembers on board were detained, it was probably because the boats were operating in an area where the territorial waters of Indonesia and Australia overlap.

The company said it will ask Australian authorities to clarify the matter.

New Caledonia

Group Unveils Plan for Independence by 1998

BK2912092795 Hong Kong AFP in English
0855 GMT 29 Dec 95

[FBIS Transcribed Text] NOUMEA, Dec 29 (AFP) - New Caledonia's biggest pro-independence group on Friday unveiled a plan to start severing the French territory's links with France to set up a "sovereign and independent" state by 1998.

The document submitted to the press by the Kanak Socialist National Liberation Front (FLNKS) is based on a draft constitution that the group submitted to the United Nations eight years ago.

It will also serve as the basis for discussions that the FLNKS will launch next month with the main pro-French party, the Rally for Caledonia in the Republic (RPCR), which will be followed by a round- table with the Paris government to decide the future of the Pacific territory.

The blueprint, sketched by FLNKS president Rock Wamytan, says the independent state called Kanaky — derived from the native word for ethnic Melanesians — could be set up by 1998.

But the process could already start in 1996, he said. This could entail the early transfer of power, from Paris to Noumea, over areas such as immigration, development of natural resources and foreign affairs.

On the other hand, a number of other powers, such as defence, the judiciary and law and order, could be retained by France under a cooperation agreement that would be negotiated with Kanaky, he said.

The cooperation agreement could continue "at least until 2001," Wamytan said.

Kanaky, under the FLNKS agreement, would have its own flag and national anthem, and would be a lay, democratic republic with a president elected by parliament. Its institutions would "take into account" ethnic Kanak considerations, as well as the islands' historic links with France.

The FLNKS scheme comes in the context of a tripartite agreement, signed in 1988, that aimed to quell a violent pro-independence campaign by setting down a date, 1998, in which New Caledonians would hold a referendum on self-determination.

The RPCR, which holds a majority in parliament, launched its own 1998 campaign earlier this month.

Its plan, called a "scheme for emancipation and broad decentralisation" in New Caledonia, is based on what RPCR President Jacques Lafleur calls a "30-year pact of peace and development."

Under it, there would be an elected local executive, chaired by the French high commissioner, who would retain his title as the representative of the state but not have the right to vote.

The territorial congress would also be retained, but could become a House of Representatives, with some additional authority. Assemblies in New Caledonia's three member provinces would also stay.

The three "historic partners" in New Caledonia — the FLNKS, the RPCR and the French state — agreed last October to search for a joint solution on the future of New Caledonia that would then be submitted to a referendum.

By having the two big political parties sign up to the deal, according to this theory, the territory would avoid the pro- and anti-French schism that cost nearly 50 lives in 1988.

The FLNKS comprises four parties, but has suffered blows to its unity this year, mainly with friction between the moderate Caledonia Union, the largest party in the umbrella group, and the more radical Kanak Liberation Party.

They were unable to put together a united front in provincial and municipal elections.

New Zealand

Minister: France Underestimated Tests Opposition

LD0501102596 Wellington Radio New Zealand International in English 0900 GMT 5 Jan 96

[FBIS Transcribed Excerpt] There has been a mixed reaction to the announcement by the French president that the French nuclear testing in the South Pacific will stop at the end of next month. The government has welcomed the news, with the foreign minister, Don McKinnon, saying that France seriously underestimated the level of protest generated by its decision to resume testing:

[Begin McKinnon recording] It was obviously clear in their minds that they could deal with the protests just out of the Pacific but the protests coming from their European allies, from Japan, from the United States, all of it was engendered and began here in the Pacific, was beyond what they ever contemplated. [end recording]

The French had originally planned to conduct eight detonations between last September and May. They later indicated only six would be carried out. Five of those tests have already been conducted. But the Labor Party spokesperson on disarmament, Richard Northy, is warning that there is no guarantee that only one more explosion will be activated. [passage omitted: opposition spokesman quoted]

Papua New Guinea

Indonesia Soldiers Reportedly Fire on Border Town

LD0401111996 Melbourne Radio Australia in English 1000 GMT 4 Jan 96

[FBIS Transcribed Text] Papua New Guinea [PNG] is investigating reports of Indonesian soldiers firing weapons, including mortars, at Papua New Guinea territory on the border town of Vanimo in the West Sepik province. The PNG National Security Council, chaired by Prime Minister Sir Julius Chan, has been officially advised of the incident, which reportedly happened on the [words indistinct] area.

The POST COURIER newspaper says the Port Moresby government is also concerned over reports of a recent Indonesian military buildup along the border. The paper says there has been a gradual military buildup on both sides of the border since the capture on 21 November of two Indonesian high school students by fighters of the Free Papua Movement, the OPM. The students, a 16-year-old girl and a 17-year-old boy, are being held by the same OPM group that attacked the Indonesian consulate in Vanimo last October.

Solomon Islands

Philips Protests Australian Forestry Aid Cut

BK2912065995 Melbourne Radio Australia in English 0500 GMT 29 Jan 95

[FBIS Transcribed Text] Solomon Islands deputy prime minister and foreign minister, Danny Philips, says Australia has acted rashly by cutting aid to his country's forestry sector. Australia's minister of development and Pacific island affairs, Gordon Bilney, announced the cut is a protest against Solomon Islands' unsustainable logging practices.

Mr. Philips said the Australian minister should understand Solomon Islands' situation and the people's desire for development. He said log export earnings made up 60 percent of Solomon Islands' annual budget. Mr. Philips said Mr. Bilney should make sure Australia practiced sustainable harvesting of forests before preaching to South Pacific nations.

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